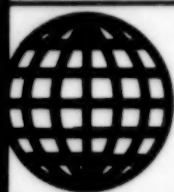


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**FOREIGN
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JPRS Report

East Europe

East Europe

JPRS-EER-90-057

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HUNGARY

Vast Majority Favors Joining Common Market

25000694E Budapest NEPSZABADSAG in Hungarian
31 Mar 90 p 4

[Article by Guy Lazar: "East of Eden—Public Opinion Poll for the French"]

[Text] The Common Market is much more attractive to Hungarians than a Polish-Czechoslovakian-Hungarian federation of states. This is according to a public opinion survey conducted on the basis of a 1,200-person representative sample of the adult Hungarian population by Median Limited Liability Corporation for LE NOUVEL OBSERVATEUR. It appeared in the 22 March issue of the French weekly.

A majority of the population approve of the idea that Hungary join the West European Common Market. On the other hand, people do not want any part of the Western military alliance: A larger part of the people would prefer not to belong either to NATO or to the Warsaw Pact. More people reject than approve of the idea of a Polish-Czechoslovakian-Hungarian confederacy.

The youngest people support the idea of joining the Common Market most (94 percent), and paralleling this, they are most strongly opposed to the idea of a confederacy of states (60 percent).

The views of persons belonging to different parties differs mostly in the extent to which they support joining the Common Market. Thus, for example, in contrast to 43 percent of those who voted for the Hungarian Socialist Party [MSZP], 64, 67, and 69 percent of those who voted for the Hungarian Democratic Forum [MDF], the Independent Smallholders, Agricultural Workers, and Citizens Party [FKgP], and the Alliance of Free Democrats [SZDSZ], respectively, strongly support Hungary's membership in the EEC. In regard to the military blocs, only the views of those who voted for the MSZP really differ from the average: Twenty-eight percent would choose the Warsaw Pact, against eight percent who would approve of joining NATO.

From among the large countries which constitute the Common Market, Hungarians are most attracted to the Federal Republic of Germany: Forty-six percent of the respondents like the FRG best. Following those who like (West) Germany the best are those who like the French and the British (16 and 18 percent). The Italians and the Spanish received fewer votes (nine and five percent).

Men and young people are more sympathetic to the West Germans than women and the elderly. Residents of Budapest feel closest to the British.

In an overwhelming majority of the people, Western orientation also manifests itself in the way they regard East European politicians. From among the persons enumerated by LE NOUVEL OBSERVATEUR, people respect most highly those who do the most to dismantle the ancien

regime. A sweeping majority of people who knew about Mikhail Gorbachev and Vaclav Havel regard these two persons as being (very or sufficiently) sympathetic (88 and 87 percent), while Alexander Dubcek and Lech Walesa received lower grades (78 and 73 percent). Even fewer people liked Imre Pozsgay (60 percent). On the other side one finds Ion Iliescu and Wojciech Jaruzelski. The former is regarded as being (very or sufficiently) antipathetic by 55 percent of the people, while the latter scored a 67-percent mark on being disliked.

From among the six politicians, a real division in public opinion exists only with regard to two: Pozsgay and Jaruzelski. The Hungarian state minister is regarded most highly by those who voted for the MSZP (85 percent felt that he was very or sufficiently sympathetic). Those who chose the FKgP and the MDF think of him less favorably (66 and 60 percent), while SZDSZ voters regard Pozsgay far less favorably (43 percent). Similar trends prevail with regard to the Polish president (MSZP, 52; FKgP, 30; MDF, 21; SZDSZ, 18 percent).

Prior to the Marosvasarhely [Tirgu Mures] events, the people's view was highly divided with regard to the question of how the situation of Hungarians is evolving in Romania. The fate of the Hungarian minority preoccupied the minds of people as follows: 34 percent highly, 38 percent sufficiently, 28 percent a little bit, and six percent not at all. At that point only the leaders and members of the intelligentsia were really concerned: Sixty-three percent were highly concerned, while 32 percent were sufficiently concerned about the situation of Hungarians in Romania.

From among the problems enumerated by the surveyors, the public feels that economic bankruptcy and unemployment will present the greatest threat in Hungary during the next few months. But along with the economic problems, people are quite concerned about political uncertainties and environmental pollution. Far fewer people were concerned about racial and nationalistic hatred, and even fewer about a forceful "reversal," the Soviet Army, or a coup perpetrated by the Hungarian Army.

Budapest residents were most concerned about environmental pollution. Those who cast their votes for the MSZP were most concerned about political uncertainty and nationalism.

	Hungary To Join the Common Market	To Form a Polish- Czechoslovak-Hungarian Confederacy
Highly approve	54%	6%
Approve more than oppose	32%	26%
Oppose more than approve	3%	30%
Highly disapprove	1%	21%
Do not know	10%	17%
Total	100%	100%

To Which International Military Organization Should Hungary Belong?

Warsaw Pact	12%
NATO	13%
Both	3%
Neither	60%
Do not know	13%
Total	100%

What Threatens Hungary Most in the Upcoming Months?

Economic bankruptcy	84%
Unemployment	82%
Political uncertainty	58%
Environmental pollution	45%
Racial and nationalistic hatred	20%
The Soviet Army	13%
Coup by the Hungarian Army	6%
Do not know	2%

Ethnic, Interest Group Representation in Parliament Probed

25000694D Budapest HETI VI LAGGASZDASAG in Hungarian 31 Mar 90 p 8

[Article by Laszlo Beck: "Tell Me, Whom Would You Vote For?"]

[Text] While during the election campaign the critique of partisanship and of the (excessive) number of party systems was an important element of propaganda, the Democratic League of Independent Trade Unions conducted a nonpartisan informational campaign concerning the technical aspects of elections, and announced its position in support of a parliamentary system based on participation by the parties. At the League's request, Median Limited Liability Corporation conducted a public opinion survey based on a sample of 1,200 individuals in support of the campaign. We report a few interesting findings of that survey.

Ten days before the elections, a majority of the people were aware of the fact that party outsiders, independent politicians, may also become representatives, and with a few exceptions most people thought that this was appropriate.

On the other hand, those who viewed "partisanship" were divided into two characteristic groups: One group felt that several parties were needed for the sake of "democracy," while the other group thought that the same was needed "for the good of the nation." Among those who envisioned the fulfillment of democracy, persons always more actively involved in politics made up a greater proportion: men, holders of degrees, and residents of Budapest. Those who regard partisanship as a matter that is good for the nation are less divided along the lines of social-demographic characteristics. The idea

that in contrast to independent candidates, parliamentary seats should be filled with representatives of parties was endorsed more firmly by persons below the age of 30, along with those who generally supported partisanship.

Only one-tenth of the people felt that it would be desirable to have a future parliament in which only the parties are represented. The majority would like to see other social, political, and professional organizations be able to send representatives to Parliament, in addition to the parties.

Separate Parliamentary Representation For... (presented as percentages of total)

	Necessary	Not Necessary	Don't Know
Professional interest groups	75	19	6
Trade unions	75	19	6
Pensioners	74	25	1
Nationalities	73	22	5
Churches	68	29	3
Jews	65	29	6
Gypsies	47	50	3

Although a majority of the people felt that with the exception of Gypsies, the social groups enumerated by the surveyors should have representation in Parliament, there was a difference in how they viewed representation for ethnic groups as compared to organizations. Better educated people and residents of Budapest stressed the necessity of providing representation for ethnic groups. In contrast, less educated and older people stressed the importance of providing representation to organizations (churches, trade unions, professional interest groups).

Personal involvement in one of the groups—whenever it was possible to make such a determination—turned out to have a definitive force. Thus, for example, a much larger proportion of religious people thought that it was necessary to provide a presence for churches in Parliament than nonbelievers, from among the older people more than those in their active years thought that separate representation should be provided to pensioners.

The idea of providing institutional representation for Slovaks and Gypsies was approved of mostly by members of the educated strata. This can be explained by their higher level of tolerance and in part by a more accurate awareness of the "standard." None of the social-demographic groups supported the parliamentary representation of Jews to an extent that substantially deviates from the average. This indicates that taboos continue to survive.

POLAND

New Solidarity Regional Leadership: Short Bios

90EP0432A Warsaw POLITYKA in Polish No 10, 10 Mar 90 p 5

[Article by Barbara W. Olszewska: "Personnel Column: Electricians and Combatants"]

[Text] Leaders have already been chosen in the 37 Solidarity regions of the country. Thus, one may already attempt to sum up the results. The typical regional chief is 41 years old, he has a secondary technical education (most often he is an electrician, mechanic, or electronics specialist), and he is a so-called combatant (he was active in the underground and "above ground" structures of Solidarity, most often in its leadership, and was interned or arrested). There are just a few new people who did not have a similar past or who were not previously part of the union's leadership. The credentials of 14 regional chairmen include higher education, mostly of a technical sort. There are also humanists: teachers, lawyers, and historians. The youngest (28 years old) is chief of the Walbrzych section of the Lower Silesian Region; the oldest (55 years old) is chief of the Podbeskidzie Region. The majority were asked what their hobby was; the answer: the trade union.

The regions that count the most members—around 300,000 each—are: Lower Silesia and the Slasko-Dabrowski Region. The chief of the Lower Silesian Region is the past chairman of the provisional authorities, Wladyslaw Frasnyniuk (36 years old; after 13 December 1981 he was in the underground, in prison, and again in the underground). The chief of Slasko-Dabrowski is Alojzy Pietrzyki (39, a miner from the July Manifesto Mine, chief of the Regional Executive Commission). However, this is far from the situation of 1981 when, for example, the Silesian section numbered 1.2 million persons. The region around Chelmza has the fewest members: a little more than 6,500. In the remaining regions, numbers oscillate between 10,000 and 20,000 people. The average region numbers around 30,000 members at this time. Next to the troubled region around Lodz, the Wielkopolska Region has the lowest index in comparison with the number of people belonging to the union in 1981—barely 15 percent. In 1981, it had more than 600,000, now 102,000. These data come from the middle of February and are, of course, fluid: the regions are continually counting. In some regions, they tell me that the number of registered voters is greater than the officially given number. However, the fact of the matter is that a portion of them is not paying dues for the time being. Thus, from the formal point of view they are union sympathizers rather than members. Among the actual members, workers predominate. About 10 to 15 percent are from the intelligentsia, chiefly the technical intelligentsia (although there are also teachers, health workers, and office workers).

Let's begin with the regions having 200,000 members, one of which is the Mazowsze Region (the Warszawskie,

Ciechanowskie, Skierniewickie, Lomzynskie—not including Grajewo—Siedleckie, Bielsko-Podlaskie voivodships). Its chairman is Michal Boni, 35 years of age, a graduate of the Polish Studies Department of Warsaw University and a lecturer in the Department of Polish Culture. His doctoral dissertation was on the stereotype of the worker in political agitation of the late 1940's and early 1950's. In 1980 he was an activist in the departmental commission of Solidarity at Warsaw University. During martial law, he was active in the weekly WOLA. Since Feb 1989 he has been a member of RKW [Regional Executive Committee] in the Mazowsze Region. He was formerly a first-string journalist of TYGODNIK SOLIDARNOSC and later he worked for both GAZETA WYBORCZA and RZECZPOSPOLITA. He likes films, French and Chinese cooking, and traditional jazz in the Glenn Miller style.

Equally numerous is the Malopolska Region (Cracow, Nowosadeckie voivodship, part of Krosnienskie voivodship). It is presided over by Stefan Jurczak, 53, an electronics specialist with a secondary education who works in the branch of Nowa Huta in Bochnia. In 1981 he was chairman of Solidarity, a member of KKW [National Executive Committee of Solidarity], interned and arrested. He has not had a vacation in ten years.

The Gdansk Region is in the group having 100,000 members. Its chief is Bogdan Borusewicz, 41, a historian and graduate of KUL [Lublin Catholic University], an activist in KOR [Workers Defense Committee], editor of ROBOTNIK, and a member of NKZ [Chief Factory Committee] of Solidarity. He was in hiding during martial law until he was arrested in 1986. He has worked, among other places, in Morski Port in Gdynia. Recently he has been the acting chief of the "Solidarity" Interim Regional Board. His hobbies are travel, history, and literature. Also in the group having 100,000 members is the Central-East Region (Lubelskie and Zamjskie voivodships) which is presided over by Stanislaw Weglorz, 42, a miner. He worked in the Mining Works in Bogdanka. A member of the KKW, he was fired and interned during martial law. He has worked as an auto mechanic, which has become his second profession. He has a Polonez [automobile] and a factory apartment in a block apartment house.

The next group is the sections numbering from 50,000 to 60,000 members. The following regions belong here: the Wielkopolska Region (Poznan), the Western Pomorze Region (Szczecin), the Rzeszow Region, the Bydgoszcz Region, the Podbeskidzie Region (Bielsko Biala, part of Katowickie voivodship), and the Greater Lodz Region (Lodzkie and Sieradzkie voivodships). The chairman of the Wielkopolska Region is Janusz Palubicki, 42, art historian, employee of the Adam Mickiewicz University in Poznan, treasurer of the KKW, and till now chief of

the Interim Board. The chief of the Western Pomorze Region is Edward Rodziewicz, 42, an automobile technician, shift foreman, and later an operator of a movable crane. He was interned in 1982, fired in 1984, and has been employed lately in the Administration of the Port of Szczecin. He has a six-room apartment and four children. His hobbies are adventure books and historical books; he knows Sienkiewicz by heart. The chief of the Rzeszow Region is Zbigniew Sieczko, age 40. He has a law degree, is a legal advisor, and was in the Regional Administration. He has a 60-square-meter apartment and a Fiat 125, which he bought with money he borrowed from his brother-in-law. His hobby: he plays the piano for relaxation. The Bydgoszcz Region is presided over by Jan Rulewski, 45, a mechanical engineer. In 1981 he was chairman of the Regional Administration and a member of the KK [National Commission of Solidarity]. He was interned, arrested, and received a disciplinary dismissal from work for his strike leadership and was "exiled" to a taxi. In 1988, he was in the Organizational Council and was the chief of the Interim Regional Board. He has a Wartburg [automobile] and a single-family cooperative home. The Podbeskidzie Region is headed by Henryk Kenig, 55, a textiles machinery technician. In 1981 he was a member of the RKO [Regional Commission for the Defense (of NSZZ "Solidarity")] and worked in the "Bewelana" [textile mill]. He has a Toyota. His hobby is skiing. The Greater Lodz Region is headed by Andrzej Slowik, 41, a graduate of the fundamental trade school of the baking industry. Since 1974 he has been a driver in the Lodz MPK [Municipal Transit Enterprise]. In 1980 he was chairman of the factory strike committee of the MPK, chief of the Greater Lodz region of "Solidarity" and a member of the presidium of the KK. He was arrested on 12 December 1981 and sentenced to six years in prison for continuing his union activity. He was released after the amnesty of 1984, strived to return to work in the MPK until March 1989, and was active in "Solidarity" the whole time. His hobby is cycling. In 1966 he was junior champion of Poland in track cycling, and in 1968 he was on the Olympic squad. After a 58-day hunger strike while in prison, he received a Japanese Nishiki bicycle from some Norwegians along with wishes for his recovery.

In the group of regions with 20,000 to 40,000 members are: Zielona Gora, the Elblag Region (a lot of technical intelligentsia, engineers from the Plans Office), the Gorzow Region, the Southern Wielkopolska Region (Kaliskie voivodship), the Jelenia Gora Region, the Czesochowa Region, the Torun Region, the Bialystok Region, the Konin Region, the Warmia-Mazury Region (Olsztynskie voivodship—here the intelligentsia makes up 30 percent of the members), the Greater Radom Region, the Pobrzeze Region (Koszalinskie voivodship), the Plock Region, the Stalowa Wola Region (Tarnobrzskie voivodship), and the Piotrkow Region. In Zielona Gora, Wieslaw Wysocki, a 35-year-old electrician who works in the "Novita" carpet factory, was elected to be chief. His hobbies are science fiction, politics, and history. He won over the chief of the provisional authorities

and KKW member, Kazimierz Drozd. "The elections were a confrontation between the 'combatants' and the 'young ones,'" Edward Mincer, head of GAZETA NOWA, the independent weekly appearing in Zielona Gora, told GAZETA WYBORCZA. The Elblag Region is presided over by Jozef Gburzynski, 41, a mechanical technician from the Power Engineering Plant in Elblag. In 1981 he was chairman of the "Solidarity" Factory Committee in Zamech. He was interned and arrested. He was chief of the Interim Regional Board. His hobby is gardening. The Gorzow Region is headed by Andrzej Radlinski, 39, a chemical engineer who is deputy chairman of the local KIK [Catholic Intellectuals Club]. He worked in a branch of the Construction Ceramics Plant. After 1981 he received a disciplinary dismissal from work. Before that, he had not been in the leadership of "Solidarity." The Southern Wielkopolska Region is headed by Jan Mosinski, 33, an electrician from "Runotex," chief of the "Solidarity" provisional authorities. His hobbies: family and working from 8 o'clock in the morning till 8 o'clock in the evening. He lives with his three children at his in-laws'. The chairman of the Jelenia Gora Region is Tadeusz Lewandowski, 45, a mechanical technician and departmental director in the "Simet" Invalids' Cooperative. In 1982 he was fired from the Paper Machinery Factory. He is a former member of the leadership of the Interim Board. The Czesochowa Region is headed by Kazimierz Macinski, 38, an electrician. For the last four years he has been deputy chairman and secretary of the workers' council in Huta Czesochowa. He was a co-founder of the Association of Employee Self-Management Functionaries and the "Metalurg" Housing Cooperative created by "Solidarity" in 1982. He was arrested twice during martial law. He was deputy chairman of the Interim Board. His apartment is over 60 square meters, and he has a little Fiat, which he won in a drawing in 1982. He is married and has two daughters. Ryszard Musielak, a 39-year-old electronics engineer, was elected chairman of the Torun Region. In 1981 he was chairman of the factory commission and the regional commission. Next, he was a member of the clandestine leadership. Since 1987 he has been deputy chairman of the Interim Regional Coordinating Committee [of Solidarity], and of late he has been working in the Voivodship Hospital. He has a two-room apartment (32 square meters) and a little Fiat. His hobbies are chess (he was voivodship champion at one time), history, philosophy, and literature. The Bialystok Region is headed by Stanislaw Marczuk, 54, a mechanical engineer and regional chief since Jun 1981. The Konin Region, which is headed by Zbigniew Ladosz, 50, a senior engineering specialist from the Aluminum Foundry. In 1981 he was deputy chairman of "Solidarity," and recently he has been chief of the Citizens Committee in Konin. He is a sports fan. The Warmia-Mazury Region is presided over by Wieslaw Brydzki, 37, an automobile lineworker. Since 1971 he has been a director in the Meat Industry Transportation Works. He was treasurer of the MKZ [Interfactory Founding Committee], interned, and chief of the Interim Board. His hobby: fishing, but he has not taken his boat out on the

lake for three years because he has no time. The Greater Radom Region is headed by Andrzej Belina, 31, a train dispatcher for the PKP [Polish State Railroads]. He studies transportation at WSI [Evening School of Engineering]. During martial law he was fired and served as chairman of the Interim Board. He lives with his wife and children at his parents' home. His hobby is fishing. The Pobrzeze Region is headed by Klemens Bielinski, 42, a telecommunications technician for the PKP. He was chairman of the Interim Regional Board. His hobby is hiking. The Plock Region is headed by Jerzy Tokarczyk, 42, an automation technician with 20 years of work in the Mazowsze Refining Plant, lately as a departmental automation specialist. He was chairman of the Interim Regional Board. His hobby is volleyball. The Stalowa Wola Region is presided over by Eugeniusz Kielek, 49, a mining geologist. In 1980 he was deputy chairman of the "Solidarity" factory committee in the "Machow" mine and recently in the "Siarkopol" mine in Tarnobrzeg. He was active in the Interim Board. He is the owner of a purchased cooperative apartment. His hobby is mineral collecting. "I would give Michnik the exact number of members in our region, but not to you," he says. The Piotrkow Region is headed by Zbigniew Mrozinski, 45, an electrical technician at the Piotrkow Plywood Industrial Works. He was arrested during martial law. He lives in a cooperative apartment, 34 square meters for three persons.

Journalists' Association Chief on Mass Media, 'Independence' of Press

90EP0433A Warsaw TYGODNIK SOLIDARNOSC in Polish No 9, 2 Mar 90 p 16

[Interview with Maciej Ilowiecki, acting president of Association of Polish Journalists, by Krzysztof Czaban-ski; place and date not given: "Said the Old Man to the Picture ..."]

[Text] [TYGODNIK SOLIDARNOSC] We have our government. The SDP [the Association of Polish Journalists] has lived through the worst years of martial law. Censorship is to be abolished any day. Now you, Maciej—I hope our readers will excuse my familiarity with our guest, but after years of working together, after all, we're not going to pretend—want to give in to a protest firing! Why?!

[Ilowiecki] This is sort of rhetorical, of course, because I don't think that I can escape at the most dangerous moment—I consider today to be such a moment—but I'm coming to the conclusion that peaceful action doesn't lead anywhere and that you can't change anything without a rejtan-like gesture [Tadeusz Rejtan, deputy at "Sejm of the Partitions" in 1773 who opposed legalizing the partitions, left the Sejm, and ultimately committed suicide].

[TYGODNIK SOLIDARNOSC] What should change?

[Ilowiecki] I have to tell you straight away that the mass media policy of the government, of the whole reform

camp, is suicidal. All too often one sees them taking cheap shots at their own people.

[TYGODNIK SOLIDARNOSC] But the government thinks that the mass media are against it.

[Ilowiecki] That's exactly it. A great many newspapers have changed their format but not their content. They cunningly touch the populist chord, urging readers that the Mazowiecki government is conducting bad economic policy, isn't interested in the poor, and that it's trying to "sell out" the country. This propaganda is done very skillfully. Nobody is naturally simply "against." They produce an illusion... And in this sense the government's conviction, which you mentioned and which Minister Malgorzata Niezabitowska talked about, is accurate.

[TYGODNIK SOLIDARNOSC] So we finally have a press that is independent of the authorities.

[Ilowiecki] Depends which authorities. Most of the mass media (nearly all the large daily newspapers, for example) are still dependent on the same legal administrative unit as before, that is, on the nomenklatura. The PZPR does not formally exist, but the RSW [the Worker's Cooperative Publishing House] does (in its old form or a new altered one). And the government—this I don't understand—quietly allows the political adversary to have access to the mass media and to intercept those wishing to be independent. The groups revolt against their nomenklatura bosses, but the revolt doesn't have much effect, because we own neither the name nor the editorial offices.

[TYGODNIK SOLIDARNOSC] Nonetheless, a pluralism of bodies has replaced the press monopoly. Although there's a long way to go to an independent press, the readers still have a greater choice now than they used to.

[Ilowiecki] The RSW, a party firm with 5,000 members, runs most of the press, and, most important, administers that press' material base. This is absurd! Journalists who want to create a somewhat independent local press must first create a material foundation for it. Since the assets of the Polish press have been taken over, where are they going to get this material foundation?

[TYGODNIK SOLIDARNOSC] Are you demanding the elimination of the RSW?

[Ilowiecki] I am demanding more than that, but let's start there. This company has been whitewashed. The nomenklatura has turned into private companies. Before the government commission takes over the assets of the former PZPR, there'll be no trace of it any more. But there'll be the same people running the press.

[TYGODNIK SOLIDARNOSC] The old saying goes that if you don't want to handle something, appoint a committee.

[Ilowiecki] I think that's just it. The Polish mass media have not been socialized, but the nomenklatura knows

what it's doing by defending the holdings and whitewashing the assets. The government will complain that nobody (in the mass media) understands it. Moreover, that nobody understands the Polish changes. And it's true. People believe, but they don't understand everything. For the time being, they believe.

[TYGODNIK SOLIDARNOSC] Krzysztof, do you think the government realizes the mass media's importance?

[Ilowiecki] Looks that way. After all, As Premier Mazowiecki put it, when you have neither guns nor bread, it's worth at least having a word. Information policy has three segments: the structure of the mass media, the concept of talks with the society, and public relations. The government doesn't have any good ideas in any of these areas, and judging by its various mistakes in the public relations area, it doesn't have any skilled advisers either. Note that the government press office's tasks are different. But this is an extremely important sphere. It's something that gives the public the vision of those in authority. It's easy to avoid errors, but the experts really need advisers! I don't want to list in public the mistakes already made, but just to give you an idea, let me mention a grave blunder in the sphere we're discussing, when the "Artists for the Republic" concert was presented on television the way it was. In the eyes of weary people struggling for existence, seeing this ocean of vanity and brazen riches (in the audience), the program was simply outrageous. There have been many more things like this. What for? Such petty things, unfortunately, assume political significance, and this is why they cease being petty. I will tell the premier about other things personally, if I get the chance.

[TYGODNIK SOLIDARNOSC] Next, then. So, unless I am mistaken, you are calling for nationalization of the RSW.

[Ilowiecki] Yes. Its assets could become a fund for worthwhile, independent publishing (not necessarily just political publishing, of course), which is now going through tremendous difficulties and is actually declining or can't get going. After all, such a fund should be created regardless of the fate of the RSW cooperative. Certain publications mustn't go bankrupt, because we could never make up for their loss. Others must gain the readers' trust. Then, or even first of all—it should have happened a long time ago!—there should be a mass media staff unit in the government. The SDP is offering its assistance here. It mustn't happen that the previous press market's decline only means it's to be replaced solely by publications favored by the nomenklatura. Unless we create the basis for independent mass media, we won't gain much in the future. Television still needs changing too. The old structures haven't given up. Only the forms of operation have changed. That's worse than people think!

[TYGODNIK SOLIDARNOSC] You yourself are somewhat to blame, because you refused Premier Mazowiecki's offer to appoint you chairman of the Radio and Television Committee.

[Ilowiecki] I had my reasons, but I don't want to discuss them in public. I outlined the scenario of future events at the time and warned the premier that in our situation the mass media mustn't be left to themselves. Unfortunately, I turned out to be right.

[TYGODNIK SOLIDARNOSC] How?

[Ilowiecki] As we already said. A large share of the mass media are going to play on a different team, against not only the Mazowiecki government but the whole reform team. This is particularly sad, because most journalists are in favor of the reform, but they're not the ones who run the newspapers.

[TYGODNIK SOLIDARNOSC] Is the SDP so weak that it can't push its demands through?

[Ilowiecki] As you yourself well know, Maciej, we have problems even with publishing our own information. Nobody is interested in the fact that somebody has stolen from us at some time, that the road to the courts is a long and tedious one with an unsure outcome. We live at the mercy of RZECZPOSPOLITA in a little cubical at the editorial office. We haven't a penny for the most essential expenses. We spend time and energy worrying, instead of concentrating on political work, but revenge will come someday, because the adversary is taking great advantage of his illegal privileges. Our "moral victory" is especially bitter. It pains me that we can't be of real help to journalists who lose their jobs.

[TYGODNIK SOLIDARNOSC] Surely you don't want government subsidies?

[Ilowiecki] No, but I want help in taking back what was once illegally taken away from us, the SDP. I want at least for our demands to be listened to and answered.

[TYGODNIK SOLIDARNOSC] Krzysztof, as SDP president, what else do you want?

[Ilowiecki] For them to talk to us. In a normal, direct way, not to shut us up, the way some of our colleagues have been doing for a long time, people who are now sitting in the parliament and the government. We know what has to be done, but we can't do it on our own. We know how to help the Polish press (and the government). It's not a question of narrow private interests. I am convinced that the future of Polish democracy is tied in to the future of the independent mass media. I don't want to be a Cassandra, but what's going on now in the mass media is not a good sign. But who's listening to us?

[TYGODNIK SOLIDARNOSC] I don't think anybody is. Thanks for the interview anyway.

POLITYKA Weekly News Roundup

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24 Mar 90 p 2

[Excerpts] At the Karkonoska Pass, Lech Walesa met with Vaclav Havel. "We have made a small step along the path to a joint Europe," they declared after a 5-hour meeting. "Striving for democracy is not a race; so Poland and Czechoslovakia cannot be compared," said Walesa, "but in the presidential area we are behind." Representatives of "Polish-Czechoslovak Solidarity," who had met on the border illegally in earlier times, participated. GAZETA WYBORCZA reports that "in accord with the tradition of these meetings, the communique was prepared earlier in case it was confiscated."

The Social Democracy of the Republic of Poland has rejected the plans of the government commission for the Prasa-Ksiazka-Ruch Workers' Publishing Cooperative, TRYBUNA writes on its front page: "The Social Democracy of the Republic of Poland wants to transfer four-fifths of the Publishing Cooperative! More than 90 percent of the kiosks, 25 dailies, 17 weeklies, and 52 other periodicals. Further: Interpress, the Central Photography Agency, Ars Polona, the majority of the printing plants, and all production facilities. The government is not satisfied; it wants everything!"

From the press conference of Malgorzata Niezabitowska. Concerning Soviet forces in Poland: Talks on the burdens caused by some units, especially the air force units, for the local residents, and the conditions for stationing and the payments are to begin. On the German minority: they have been guaranteed the right to cultivate their culture, language, and freedom of association; after the previous registration of two associations, three more have been formed (Gogolin, Czesochowa, Katowice), and a similar initiative in Gdansk is awaiting approval; as regards language instruction, the only problem is German teachers, the authorities of the FRG have been asked for help in this matter.

Krzysztof Skubiszewski, minister of foreign affairs, in a commentary for RZECZPOSPOLITA in conjunction with the decision of the four powers and the GDR and the FRG to invite Poland to participate in talks on the boundary aspects of the unification of Germany: "It is a generally favorable report, the form of participation has to be specified... Our first point of interest is a treaty on the boundary along the Oder and Nysa at the level of, and with the effect of, a peace settlement... However, the issue of a treaty does not exhaust the security of Poland as a neighbor of a future united Germany. The entire question of the political and military position of Germany remains. This question includes certain issues associated with the stationing of foreign forces, or issues, which will affect the security and vital interests of Poland, and thus issues other than just the border, although it is important, may concern us during this conference."

The prices of goods and services increased in February 1990 in comparison with February 1989 by an average of 1,266 percent, including food by 1,709 percent and alcohol by 1,128 percent.

What about the graduates of higher schools? The individual responsible for employment for the Warsaw academic community at the Warsaw Polytechnic of the Ministry of Labor and Social Policy responds to TRYBUNA: "For about 1,600 graduates, I have just a few job offers, usually from state firms in the Warsaw area. This year, 36 individuals were able to take advantage of my help. More than 20 graduates are already receiving unemployment."

Local self-government elections are to be held 27 May 1990. A General Election Commissar is to be named by 31 March 1990.

The officers of the Polish Peasant Party "Rebirth" have decided that the party "can no longer bear any political responsibility for the deepening negative effects of the implementation of the government program, especially those on rural areas, agriculture, and the food industry. In this situation, we have decided to announce a corrective economic program." The position of the Main Executive Committee is to be presented to Premier T. Mazowiecki. The Main Executive Committee of the Polish Peasant Party "Rebirth" in view of the deepening deficit has decided to suspend publication of DZIENNIK LUDOWY and the weekly WIESCI.

In the last issue of the suspended DZIENNIK LUDOWY, there is a table showing how the prices for weed control products have risen (the last official report): Ridomil MZ 72WP to 156,000 zlotys from 8,000 zlotys; Sandofan Manco to 150,000 zlotys from 6,250 zlotys; Betanal to 160,000 zlotys from 2,880 zlotys; and the seed preparation T suspension to 45,950 zlotys from 525 zlotys.

TRYBUNA published wages in communications: The director general of the State Central Agency for Telephone and Telegraph earns 1.28 million zlotys (excluding his longevity pay and quarterly bonus). The director of a voivodship office of the post office and telephone in a city of more than 300,000 inhabitants earns 1.38 million zlotys. The head of a first-class office in Warsaw 908,000 zlotys, in Skierniewice, 511,000 zlotys. The head of a sixth-class office (chiefly rural offices), a little more than 500,000 zlotys. A senior carrier in a voivodship city, 754,000 zlotys, in rural areas, 473,000 zlotys. In December 1989, the Polish Post Office and Telephone and Telegraph employed 166,000 workers, including 101,000 in worker positions, 20,000 in window service, 370 individuals in the general director and voivodship offices.

A new agency Unia-Press has taken an interest in the wages of union activists. Alfred Miodowicz, chairman of the OPZZ, has a salary equal to triple the national average for December 1989, or a little more than 1.5 million zlotys, the chairman of the federation of unions

(for example the Trade Union of Municipal Services Workers) 602,000 zlotys, and the average wages in the federation are a little more than 400,000. In the office of the National Executive Committee of NSZZ Solidarity, there are about 100 individuals; chairman Lech Walesa does not receive a salary; the deputy chairmen Bogdan Lis, Jacek Merkel, and Lech Kaczynski receive 501,500 zlotys monthly. [passage omitted]

The price of two-percent milk has been increased to about 500 zlotys per liter; the subsidies for low-fat cheese have also been eliminated. Milk with higher levels of fat content are covered by subsidies; the measure is, among other things, to prevent the gathering of surplus butter. One of the causes is a decline in consumption of butter by about 40 percent.

Beginning 30 June 1990, instead of four large State Motor Transport Enterprises, there will be more than 200 little, completely independent ones.

The World Union of Soldiers of the Home Army has been formed in Warsaw as a result of the unification of the two previously existing organizations for soldiers of the Home Army. During the deliberations at the general assembly, Col Wojciech Borzobohaty was elected chairman of the union. The participants demanded the liquidation of the Union of Fighters for Freedom and Democracy and benefit rights. Representatives of the current military authorities were not invited to the assembly.

A branch of the Lublin Catholic University will be opened in Stalowa Wola (a branch of the Department of Social Sciences). Bishop Edward Frankowski heads the organizational committee; the director of the Stalowa Wola Steelworks offered at the outset 500 million zlotys (the total cost is to be about 6 billion zloty; further the management of the steelworks promised to provide housing for the professors. [passage omitted])

Who's News. [passage omitted] Jan Szczepaniak (age 54) has been named voivod for Wloclawek; he graduated in law and has been deputy voivod; he is an activist of the Polish Peasant Party. [passage omitted]

Opinions

Bronislaw Geremek, chairman of the Citizens' Parliamentary Club:

(Interviewed by Piotr Pacewicz, GAZETA WYBORCZA 15 March 90)

[Geremek] A tendency has appeared at times to give priority to relations with the USSR which reflects the political tradition that when we fear a strong Germany, we turn to the east. That obviously gets good press in the Soviet Union, but from the Soviet point of view in the end, it does not respond to the demands of the times. Relations with the USSR should be good, but they should not be privileged, and they should be based on a

general European transformation and a continental vision of a system of guarantees, which will replace the current military pacts.

Gen. Brigade Boleslaw Balcerowicz, commander of the 12th Mechanized Division:

(Interviewed by Bohdan Onichimowski, GLOS SZCZECINSKI 12 March 1990)

[Balcerowicz] The unification of Germany is obviously unavoidable, but I want to say that close contact is being maintained with the command of the 9th armored division of the GDR. That obviously may change, but I want for our partnership relation to last as long as possible. The history of European armies includes many cases of such partnership, even between non-allies, so that is not anything strange.

As regards a revision of the boundaries, I can only comment on the military aspect of the Szczecin bridge head and the lower Oder. It appears that our division is among those "essentially required" for effectively discouraging military resolution of the question of the place of these lands.

A historical reflection: in 1939, the French and the English did not want to die for Gdansk. I do not know whether at present anyone would gladly die for Szczecin; obviously other than those directly involved. Thus, our essential military presence is necessary so that the other side views military action as too expensive." [passage omitted]

The opinions and views cited in this section do not always agree with the views of the editors.

YUGOSLAVIA

Croatian Party Leader Interviewed

90EB0304A Zagreb VJESNIK in Serbo-Croatian 18 Feb 90 pp 7-8

[Interview with Ivan Zvonimir Cicak, Croatian Peasant Party vice president, by Jadranko Sinkovic; place and date not given: "We Will Not Answer Yugocentrism With Croatocentrism"—first two paragraphs are VJESNIK introduction]

[Text] For more than 24 years newsmen may have had more than one occasion to talk to Ivan Zvonimir Cicak. As long ago as 1966 as a high school student he was expelled from all Yugoslav schools because of a class assignment under the working title of "Over the Unfolded Map of My Homeland," in which he stated that his homeland was Croatia, and that the state in which he lived was Yugoslavia, and possibly one day Europe as well. Somewhat later he was arrested as an 18-year-old member of a church assembly one member of which was accused of corresponding with emigres. There was no trial, and he was released because of the "committed catholics." Cicak was one of the leaders of

the Croatian university students and was sentenced to three years in prison after 1971. But despite his eventful biography, this is the first interview that the 43-year-old has granted to a VJESNIK reporter.

There certainly have been many reasons for the past lack of interest by newspapers, all of them without exception political in nature. Even today Cicak has the reputation, stated in open and coarse terms, of a "fascistoid nationalist," and the mere mention of his name in newspaper reports and statements, of which there are quite a few these days, even in these times of diversified political maps, has a hair raising effect. As vice president of the Croatian Peasant Party, Cicak recently appeared at the opposition round table from Croatia in Stuttgart and Frankfurt, where the general assessment was that he was master of the situation because of his attitude of tolerance.

The Range of Political Forces

"The statements that I am a militant fascistoid type," Cicak responded to this introduction, "are based on the logic of nightstick wielding police and are supported by no sound reasoning whatever. How could I be at all welcome on the 1971 political scene, five years after I had been expelled from school because of a school assignment? You must know that, at that time, to do one's own thinking meant to be a criminal, and especially to be an openly declared Catholic automatically meant being a fascist.

"Had I reacted, my life might have been transformed into one of writing denials. After the round table in Stuttgart and Frankfurt, when the newspapers wrote about my tolerance, I was called by Slobodan Lang, a person who was on the other side in 1971. He said to me that "it is a pleasure for me finally to see you written about in the way I always talk about you." It is true that Lang and the group around him always spoke of me in a manner different from what official policy dictated.

"My position is this. In his life a person must refute lies about himself. And I assert today that I have not changed my positions one bit since 1971."

[VJESNIK] And so your outlook on life is Christian?

[Cicak] Yes, that is the basis of my philosophy of life, and I have constructed my political positions in its context, but not in a way such as to transform Catholicism into politics. I believe that it is dangerous to introduce religious elements into politics, and in our circumstances it is a sure way to dangerous extremism.

[VJESNIK] Do you feel that the pluralistic opening up of the political arena really resumes 1971?

[Cicak] No, it is not a question of resumption but of development of the events of 1971. Whoever said at that time that he was against socialism would be eliminated, let alone say anything about concepts such as brotherhood and unity, Tito's role, etc, about which we can

speak openly only today. Only today do we see that, even though we acted in a group, we did not act together. Consequently, the current redistribution of people among different political positions is not merely an expression of personal ambitions but an actual expression of the political positions of individuals.

[VJESNIK] What really is the nature of your anticommunism?

[Cicak] I am one of the anticommunists who believe that we must struggle on an equal footing with the communists on the political scene as with any other political group. Mere communism would predestine me to accept precisely communism as the criterion of my life. In this case political action by me would be simply a negation of communism, rather than construction of a position of my own, which is the only correct way of fighting against a different political opinion. I am unable to lower myself to the level of individual political factions that by opposing Milosevic permit this to predestine them, to be the gage and criterion of their own policy. This fatal in politics.

[VJESNIK] You have recently issued certain statements of support and tolerance for what may be termed the reform trend in the SKH [League of Communists of Croatia].

[Cicak] It is not a question simply of tolerance for the reform trend. If Croatia wants to hold a democratic position, it must have a spectrum of political forces from the far left to the far right, acknowledged and legalized. As in the democratic world, the only basis for prohibition should be the penal code and provisions prohibiting violence, hatred, etc.

Neither Federation nor Confederation

[VJESNIK] Have you urged and achieved renewal of the Croatian Peasant Party [HSS]? Why the HSS today?

[Cicak] In the tradition of Croatian political thinking, the HSS has continued to be the party that has carried harmony within itself, with the concepts of nonviolence, democracy, Croatian republican freedom, tolerance, and general human social justice. In the contemporary world it is also in harmony with the democratic civil political movement. The Croatian political arena has not had and still does not have anything like this. The HSS has appeared as a continuation of the Radic-Macek-Krnjevic line. It is the party that has managed to unite almost the entire HSS emigre organization, from the central committee headed by Josip Torbar to the organization in Canada. We have moved forward with the party that for a long time operated illegally or abroad. In it, of course, there have also developed for years the conflicts and passions that characterize emigre political action on the outside. First we had to settle all this, the relations between the old members. Of course, we have had the opportunity to move forward, and I personally in particular, in creation of an entirely new political organization. However, this party has a message that the Croatian

people and all citizens of Croatia need today. In my opinion this is why the HSS, which made its appearance quietly and was received with a fairly great dose of ignorance, will become an important political factor.

[VJESNIK] What is this message of the HSS?

[Cicak] The thing is that the HSS does not offer a readymade formula but is receptive to the specific contemporary needs of the people. Today no one offers readymade formulas any longer. The acceleration of history in Eastern Europe has assumed a pace such that what was yesterday no longer exists today. There is no skill in offering formulas, but there is in initiating processes in which new outlooks and new needs will be recognized. We simply do not know what is in store for us in a month, three months, or a year, among other reasons because of the fact that after 45 years of brainwashing we all think within the assigned marxist thought structures. We are faced with mental restructuring, demolition of stereotyped thinking, and building of new relationships in society, from the family to broad social groups.

[VJESNIK] What innovations does the HSS contribute in contrast to the other political options offered in resolving so-called ethnic questions?

[Cicak] Another strength of the HSS is that it need not contribute anything new. It contributes the old that is new today. After all, relationships have not changed essentially. The position of the HSS from Stjepan Radic to the present on the Yugoslav question has remained the same, that is, negative.

The Croatian Peasant Party believes that neither a federation nor a confederation can meet the needs of our day. We really reject the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] concept of Yugoslavia. We believe that everything taking place in the political arena in Yugoslavia is the end of the communist AVNOJ deception. In the initial stage, on the occasion of restructuring in accordance with the European movements the minimum on which we can agree is that there be transferred to the coordinating authorities only those powers that it has been the will and decision of the people to transfer, both financial power and the authority of political operation.

[VJESNIK] And the powers are, of course, to be smaller than in the confederation?

[Cicak] Absolutely. They are merely the minimum framework required for existence until further restructuring takes place on the way to a new Europe. It is our position that we are entering Europe as Croatia and not as Yugoslavia.

[VJESNIK] Consequently, Yugoslavia has been merely a general geopolitical union?

[Cicak] Yes. As a geopolitical union Yugoslavia could tomorrow be expanded to include Albania, Bulgaria, Romania, Greece, and so on. Finally, there are also

certain threads pulled by the Austrians and Hungarians to create a sort of Danubian or Adriatic confederation. They are all potential forms, but the basic position deriving from Radicev's peasant constitution is that any form of association may be entered only on the basis of the will of the people as expressed in a referendum. Consequently, we demand that the referendum be returned to the political arena as soon as possible as a form of decisionmaking by the people in all essential questions.

What Croatia Can Offer

[VJESNIK] Are the current borders of Croatia called into question by this concept and these views?

[Cicak] A time will come when the borders will no longer be essential. However, so long as the integration processes in the world and in Europe are headed in the direction of compelling states also to renounce a part of their sovereignty, since otherwise there is no integration, from economic to political and even cultural, so long will we really occupy antihistorical positions, insisting to the point of purism on sovereignty. I think that this problem will be solved naturally in Yugoslavia by the Constitution.

As regards borders, it is my opinion that we should not predetermine borders for anyone. We must allow the people to determine by referendum how, where, and with whom it wants to live. In this connection Croatia can offer itself to others in Yugoslavia, with its openness, its goodheartedness, with its love, with its democracy, and with its tolerance. I will be very picturesque. In a Draskovic-Cicak diaspora syntagma, Draskovic offers a knife or conversion of Moslems. In contrast, I offer them the building of new mosques.

Or again, I am currently hearing foolish statements in Croatia to the effect that the Serbs in Croatia are not Serbs. The Serbs are what they say they are today.

[VJESNIK] Does such a position on your part also allow autonomy for Serbs in Croatia?

[Cicak] Political autonomy is currently superfluous in my opinion, because the Serbs have all the civil rights that the Croats have. Neither the ones nor the others have ever had national freedom. They have had the illusion of national freedom, in which they have been constantly urged, now from one side and then from another, to emphasize their internal conflicts. I believe that all demands by Serbs in Croatia should be answered by giving them 20 percent more in response to every demand if they regard Croatia as their homeland and their state. Consequently, this particularity should be aimed at building this homeland to make it stronger. The problem is not merely the discussion of autonomy of the Serb areas. We have processes that have appeared in Istria and which will also appear in Dalmatia. We cannot answer federal centralism with Croatocentrism. That

would be a catastrophe for Croatia that would lead to new autonomistic processes in which Croatia as a republic would fall apart.

Unfortunately, these tendencies exist today. Some people see in Zagreb another Croatian Belgrade, something that can lead to unforeseeable consequences. It is the political position of the HSS that we need to move by microprocesses. The politics of the party must be adapted to the smallest milieus, and, in accordance with Radicev's peasant constitution, the wielder of power should be the smaller milieus, such as regions and cities. We are moving in the direction of polycentrism. In this process the republic will be at the service of small communities and not the center for agencies that prescribe and direct.

Consequently, we advocate a deideologization of politics based on the values of European civilization represented by Judaism, Greek philosophy, Christianity, and Islam. Islam is not because of tactical considerations but because Islam has to a great extent determined the history of these parts, and even the way of thinking of the Orthodox and Catholics.

[VJESNIK] What is your assessment of the danger of civil war in Yugoslavia?

[Cicak] Such a danger really does exist. If the people in politics as it is predominantly offered by them were to offer themselves rather than demand that others give themselves, then there would be no danger of civil war. However, we must understand that our political situation derives not just from the 45 years but from a longer period of unfreedom, that it derives from undeveloped democratic relations. Practice in democracy is a basic prerequisite for emergence from the political and any other crisis. We are now like a person who in his 50th year has suffered a traffic accident and is beginning to learn how to walk, read, and write. In this connection I believe that West Europe must help, not with money but with people who will try to transfer here the experience of organization and the methodology of thinking and political action, adapting it to our circumstances, economic, cultural, and those of civilization.

[VJESNIK] One of the HSS's basic tenets reads "belief in God and Croatian harmony." Is it not a question here of a somewhat burdensome traditionalism and a kind of counterpart to Milosevic's Serbian nationalistic watchword about Serb harmony, in which Orthodoxy is also implicit?

[Cicak] It is true that the HSS is a party of traditional orientation and in a manner of speaking is a conservative party. However, it is a conservative party with a clearcut social program because it recruits its members precisely from socially endangered categories of the population. But the HSS will be worthwhile today to the extent that it offers contemporary man answers to his questions. If it does not offer them, it will fail, and it would be better for it to fail. If a fairly large number of young people are gathered, and we see that the majority of HSS members

are young people, and if they succeed in restating Radicev's thought, especially as it is expressed in the Croatian peasant constitution of 1921, then we will gain a modern political viewpoint.

Now that you have pointed out the analogy with Milosevic, I must call your attention to the fact that the HSS is growing on the martyrdom of those of its members who offered themselves and did not demand a sacrifice from others. I have Radic and Macek in mind above all. In offering harmony our party is offering a rallying point, understanding, and agreement. God is not merely a religious decision but decision for the original traditional values of European civilization, in which Christianity is one of the essential foundations. Harmony and unity do not represent an attempt to bring everyone under the same roof at any cost. What we ask above all is working together to build a better, more beautiful, happier, and freer Croatia. The fact that I personally have been active on the political scene in recent years for the purpose of seeing that the largest possible number of political parties will be created refutes the statement that we want unity at any cost. We believe that the largest possible number of political parties are needed on the political scene, including small ones that will cooperate with each other. As a result of the totalitarian concept with which we have lived, there is the thinking today that all Croats should unite and form a single party to overthrow the communists. This unrelenting effort to gather us all into a single sheepfold, yesterday a communist one, today a Croatian one, is death to any people, including the Croatian. Let the Croatian political coastline be like its seacoast; let it be as jagged as possible.

Consequently, let harmony be mutual competition in love for our homeland, freedom, and democracy. I do not have in mind Croatia at any cost, only a free and democratic Croatia. In all my speeches in Canada I said that the greatest enemies of the Croatian people are its patriots who cannot see beyond the end of their noses because of their own emotionalism. Thus a large part of the democratic discussion in Croatia has boiled down symbolically to a debate about Jelacic rather than about freedom and democratic elections. I am against the debate about Jelacic. As far as I am concerned he still stands in the Square of the Republic, only we do not see him. This Jelacic on his iron horse will ride up to the Square of the Republic so to speak on his own, without the assistance of a crane, one month after the first free democratic elections are held. Hence to continue to emphasize Jelacic and insist on changing street names, for example, is a mark of deficiency of our own political program. The same is true of the Jewish synagogue. It is an astonishing fact how much boycott there exists in the official structures of the municipal authorities to completion of this building. To me, from a flexible viewpoint, this synagogue stands there and has not been demolished, as not a single historical monument in Croatia has been demolished. All that we have to do is refurbish them. And all who do not concede this do so in

order to use it as an argument for the accusations about the genocidal nature of the Croatian people and to destabilize the political situation in Croatia. It is not the Jews who should refurbish this synagogue but Croatia, and not just because Croatia has received war reparations for it but because it is a debt for everything that the Jews have done for the Croatian people through all the centuries of their sojourn here. My position is the same relative to the Orthodox churches that were destroyed both during the war and after it, up to 1956. Croatia must renovate all of them at its own expense, as it must also refurbish all the Catholic churches.

An Accursed Generation

[VJESNIK] Some people are of the opinion that by his policy of temporizing Macek made a considerable contribution to the Ustasha movement during the 2d World War.

[Cicak] I believe that the HSS must stress the personality of Macek and must not retreat one inch from the position in which Macek martyred himself by refusing to accept a single form of totalitarian power, either of the right or of the left. He was in Jasenovac because he refused to proclaim a Croatian state; he welcomed the founding of a Croatian state but condemned the regime of this state. Stepinac did the same, and this is the Macek-Stepinac line, one of the moral foundations on which Croatia must today build its future. By emphasizing a crystallly clear moral position, Macek refuted the thesis of his vacillation and temporizing, because at the critical moral moment he demonstrated that he was a real man with a firm position. We accept that he committed neither the one type of crime nor the other. But this also applies to Stepinac. At critical moments they both showed that they had backbones. Hence they were party members who did not come down on the side of a single totalitarian option, and they were imprisoned and killed under both systems.

This accursed postwar generation of ours is one generation. It is the one that must forgive and forget; otherwise this chain of quarreling and killing will never be broken. If this generation cannot summon up the strength to overcome its own suffering, and we all of us are filled with stigmas, scars, persecutions, expulsions from school, harassments, we cannot move forward. We cannot do it until we bury our dead. The bones still stick out from Bleiburg to Krizni Put, Gradiska, and Goli Otok. We must bury the dead, and we must bury many of the living who are dead in themselves, plant green lawns for everyone, erect monuments to everyone, give credit to everyone. We must make peace with the dead when they have not been able to live. If we fail to do this we will remain without a common base on which to build the future, both of Croatia and of the other geopolitical areas that are in front of us. You cannot build on hatred, only on community spirit and love. Consequently, this is the time for renunciation.

[VJESNIK] What is your assessment of the pluralistic opposition party processes in Croatia?

[Cicak] We have very good cooperation with all the opposition parties, just as the parties cooperate well among themselves. Interestingly, only Tudjman's Croatian Democratic Community is an exception, because it believes that it is the only adequate one, the largest, the best, and so forth.

Outlines of a Center Coalition

[VJESNIK] The HDZ [Croatian Democratic Community] is the largest; it has around 150,000 members.

[Cicak] Rain has fallen in the meantime and there are probably slightly more than that. Of course, the French Communist Party has the most members, more than any other French party, but it gets only seven percent of the votes in elections. My position, and we have established around 50 branches, in hamlets such as Kalje in Zumberk, on inhabited Dalmatian islands, in Lica, Istra, etc. is to share with the little man in small settings, with small simple programs on questions of telephone service, water, electricity, roads, formation of small industrial operations that will check emigration so that progress and industry will come to the people and they will not have to go after them. This represents the entire philosophy of our politics. There are no major ideological theses here.

Political factions that are simply unable to live without a monolithic concept are making their appearance on the Croatian political scene. This is the concept of democracy headed by a general, one in which the general commander in chief asserts that he is the center and everyone else is to the left and right of him. That is, just as in Belgrade today we have a federal minister of police who is a military man in civilian clothing, we are having leaders of the opposition who want to be military men in civilian clothing imposing themselves on us. But what Croatia needs today is a democracy without generals, a democracy with a hundred more parties. It does not need the Milosevic political model in Croatian dress.

This clumsy amalgamation that is the HDZ has tried to take the lead by building its political profile on the basis of Starcevic, Radic, and AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] Titoism and is coming to an end. The HDS [Croatian Democratic Party] of the brothers Veselica is increasingly taking shape as a Starcevic party, both in public action and in ideology. The HSS, on the other hand, always has been and will remain a Radicev party. All that is left is for the HDZ to be what it really is, politically and methodologically, that is, the AVNOJ-Titoist old Bolshevik, old-party model covered with national emblems and flags. I think that the HDZ is a party without a real, proper political program, one that is trying to improve the clumsy amalgamation by simulating a movement rather than a party. It nevertheless is going into the elections as a party.

As for the other parties, I think it is clear that a political restructuring will soon take place in the political arena. The dim outlines of a healthy and strong center coalition are beginning to emerge.

[VJESNIK] Why does the HSS not intend to compete in the elections?

[Cicak] We are not going into the elections because they cannot be democratic. The time is too short and so many organizational requirements still have not been settled upon and confirmed, from the nominating procedure to equal treatment in the media. In addition, we have an antidemocratic constitution that still calls for three councils for which citizens cannot vote. Our position is that we want to participate in elections that will make all citizens equal before the law, and so we demand that our emigres be enabled to participate in the elections. We demand change in the sociopolitical system in Croatia, that Croatia be proclaimed a neutral republic without the socialist label, that its name be the Federal State of Croatia, and that as a result of such transformations the old Croatian flag be restored. In addition, we demand that all the symbols of the one party that has ruled be removed and that all images of the great leader be removed from all public places. In order to be able to participate in elections at all, we further demand elimination of the Udba [State Security Administration] as a political police force. We have no guarantee that the elections will not be rigged. For example, the technique of drawing up electoral rolls is a great enigma which the draft law says nothing about. We do not want to legalize 45 years of an intolerant, dictatorial, and totalitarian regime in one false election. It seems to me that "tank" forces really want to rig elections that will seem to the world to be democratic but at bottom adhere to the Chilean model, a strong military with strong technical managers in a federal government offering a new unbalanced centralist confederation.

[VJESNIK] However, you mention the possibility of a coalition.

[Cicak] If there were any possibility of holding truly democratic elections, we would be ready to take part in these elections tomorrow. And if the communists were to win in such elections, we would give them all our support in their programs, insofar as these programs are in the interests of Croatia and of progress. If they were not, we would criticize them.

Federal Reforms, Dialogue on Kosovo Advocated

90EB0282A Zagreb DANAS in Serbo-Croatian 6 Feb 90
pp 6-7

[Article by Jelena Lovric: "The Kosovo Avenue of Death"]

[Text] Was Ante Markovic right when he predicted and promised that the country would function in spite of the collapse of the party, or is Yugoslavia collapsing as well in these post-congress days, in the haze of tear gas and

the uproar of ultimatums at rallies, with a wave of uncontrolled emotions and ethnically segregated compassion, as an echo of the wreck of the congress of Yugoslav communists? Are there some mutual links in these profound tectonic shifts in the party and in the country, or is what is historically obsolete and worn out being destroyed independently of each other? It is hard to believe that what has been happening in the past few days in Yugoslavia is a completely autonomous process, and that it does not have any connection with the party congress that just ended. It seems that it is much closer to the truth to state that all of this is acting primarily to destroy what can be considered the congress's achievement, and to forget what happened there.

There are views that the Sigurimi, on the other side of the Albanian border, is behind the recent escalation of radicalization in Kosovo, so that the reopening of the conflict in that province would distract international attention from the changes taking place in Albania. One should not forget, however, the much more believable possibility that such intentions are resident here, that there are also some domestic Yugoslav needs for such a move, and that Kosovo may perhaps be happening so that its tragic picture will overshadow certain other situations. Couldn't one say with a great deal of justification that the policy that remained isolated as never before at the party congress, even though it was stronger numerically, has played the card that it has used so many times before and that has always functioned in the same way?

There are views that the Albanian demonstrations—which have been fueled for a long time now by that people's dissatisfaction—broke out at the moment when it was felt that Slobodan Milosevic was weakest. It would be naive to believe that Albanian nationalism, like any other kind, would not exploit such an opportunity, but one also should not ignore the indications that Milosevic's policy tried to surmount the problem of its isolation precisely by intensifying the Kosovo drama, since from the moment that the situation exploded again, that policy was conducted as if it were in its interest to pour oil on the fire. People forget that the Albanian demonstrations began while the congress was still going on, when columns of thousands of Albanians were carrying the body of their countryman, who died as a result of the ruthless approach taken in tearing down the wall around his house—although he had not even resisted this, on top of everything else. Everything happened subsequently as if there were a desire to provoke the outbreak of a civil war in Kosovo. The peaceful mass demonstrations by Albanians were discredited by viewing them as a continuation of the "counterrevolution," and broken up by means of repression. There is obviously a drastic discrepancy between the official assessments, shamelessly citing terrorism and an attempt to destroy Yugoslavia, and the picture of beardless youths chanting "Democracy," between the claim that Serbs and Montenegrins are in danger and the facts that the dead—already more than 30—are only on the Albanian side, that the casualties also include children, that

many of them were shot in the back, that dum-dum bullets were even used in doing so, and that on several occasions empty-handed people were fatally shot from the vehicles of the federal SUP [Internal Affairs Secretariat] detachment, when things were completely quiet, even in places where there were no demonstrations at all. It is noticeable that Yugoslavia is becoming used to the death of its citizens, provided that these are dead Albanians. It should be clarified at once whether hotheaded nationalist feelings and revenge have put on uniforms, or whether someone was interested precisely in continually giving new inducements for Albanian dissatisfaction and demonstrations.

The Magical Formula of Kosovo

One more utilization of Kosovo apparently had a dual role: to erase from memory the fiasco of the Serbian leadership's policy at the congress, and to destroy that new union of Yugoslav forces that came about without it, and even in spite of it, at the end of the congressional exhaustion, based not so much on solidarity with the Slovenes as on concern for one's own future. The magical formula of Kosovo and the misuse of its crisis were intended to destroy the evident crystallization of a new Yugoslav synthesis, which, at the end of the party congress, grew out of the perception of a threat from those who ruthlessly used their numerical superiority by imposing the concept of an incomplete Yugoslavia as a legitimate entity, but also grew out of a commitment to a complete Yugoslavia, to equality within it, and to reforms. That is the reason for the unprecedented pressure at this time against Croatia (which has been portrayed as the initiator of that new Yugoslav rapprochement), against its delegation at the congress, and especially against Ivica Racan, who has come to the forefront of those accused of being Serbia's enemies, leaving far behind him all the Slovenes, and whom the Serbs are openly calling the little master of great deceptions. Slovenia, toward which a certain distrust has been created in part of Yugoslavia, can no longer play the role of the champion of attempts to bring about a new Yugoslav integration. Croatia could do so, and that is why the heaviest weapons are being brought into play against it today, with accusations that it is the great master of ceremonies behind the interruption of the congress and a supporter and harbinger of Albanian separatists, and attempts to discredit it by saying that it is the land of the sons of the fascist occupier.

Unscrupulous attacks from outside and challenges from within Croatia itself have joined in these attempts to deprive Croatia of its legitimacy. Just as it could be noticed earlier that actions from certain centers, and even party action, were aimed at doing everything possible to reduce the electoral chances of the Slovene communists, everything possible is being done now to thwart the Croatian communists. Party committees in areas where the Serbian population is in the majority are raising their voices against "Racan's party" and its actions. One can understand that Serbs in Croatia are committed to a "united LCY [League of Communists of

Yugoslavia]," because they perceive it as a guarantee of their security, in return for various services. With their recent statements about the policy of the leadership of their own republic party organization, however, they have legitimized the practice of reacting to events primarily in terms of their own ethnic emotion, which is skillfully encouraged from outside, in an attempt to reduce them just to that one dimension. A stronger attempt than ever before is being made to destabilize Croatia by encouraging ethnic divisions, following the same pattern as in Kosovo, where, as a result of this, things are worse and more uncertain for the Serbs in that province than ever before. The decision on whether we want to be drawn into that situation of ethnic segregation depends on all those who live in Croatia, and there must be collective responsibility for it. Just as everything possible must be done in that republic, especially by initiating democratic changes, to ensure a feeling of national equality for everyone living there, i.e., for both Croats and Serbs, it depends on all Croatia's inhabitants whether our common homeland will come before any other calculations and orders, regardless of where they come from.

The Alleged Will of the People

Admittedly, it is not easy for anyone to keep a sober head while the country is being driven crazy once again by mass rallies at which insane accusations are produced and volunteers are recruited for a fratricidal war, allegedly for the defense of Yugoslavia. Recently, however, it has become quite uncertain where these irrational rallies will lead. When strikes throughout Serbia began to be turned, in the name of the alleged will of the people, against those whom this policy did not want to be sacrificed, and when that storm began to run wild, so that no one knew any longer who would be swept away, the center of that policy, almost in a panic, began to calm it down and insist on rules for strikes. Likewise, a few days ago, after a rally in Belgrade, one could find trampled pictures of the man who replaced icons some time ago. Then followed the message that he had to make a choice, which was sent to him by those who wear beards as a distinctive sign, openly acknowledging that they are adorning themselves with the plumage of the Cetniks. When Vuk Draskovic, whose name has been chanted for the past few nights at Belgrade rallies as the new prophet of Serbdom, founded his party, he did a real disservice to those whom he thus exposed by taking their program to its logical consequences. Now he has issued an open challenge to them. That does not at all suit the policy which now needs Yugoslav legitimacy both in the eyes of the country and the world, but those who were in the front ranks of the "antibureaucratic revolution" are showing that they have no more patience. They have been most discredited in the eyes of Yugoslavia by their hatred of Tito, whom they proclaim a traitor and whose "corpse" they say they intend to remove from Belgrade, and by their intolerance toward Yugoslavism. That is a typical situation when those who have carried forward a mass movement get out of control, and through their

sallies, unmask the policy that used them, and which they thought they were serving.

As things stand now, Milosevic could soon seek to be saved from those who cannot forgive him for his hesitation in their open dismissal of Yugoslavia as a community of equal peoples, and of the communists, whom they consider "national traitors." His latest interview (this time in *NEWSWEEK*) demonstrates either the general confusion in which he has lost his way, or else an extreme cynicism that allows him to tell the world public and the Yugoslav public such notorious falsehoods as his claim that he supported political pluralism even before the events in Eastern Europe, or that Albanians in Kosovo have the right of free political speech, if their activities are based on democracy, or that there is not a single political prisoner in Serbia. The key sentence in his unsuccessful self-masking, however, is his answer to the question about what would happen if the movement for Slovenia's secession from Yugoslavia spread. Milosevic said that he did not think that Slovenia would leave Yugoslavia, but that "even then Serbia would not be the smallest country in Europe." It is probably not a coincidence that at the congress, after the departure of the Slovenes, he proposed that a new quorum just be established for constituting what would "not be the smallest country in Europe," i.e., not Yugoslavia, but Serbia. The withdrawal of the Slovenes from the congress, from the party, or from the country could open the door to the country's collapse, in which a redrawing of the borders and the creation of a Greater Serbia would become quite possible.

A Brief Respite

By radicalizing the Kosovo problem, that policy, which was obviously up against the wall, has only allowed itself to catch its breath. If that is not to be only in the short term, however, that policy can only be helped by what it has been so decisively against the whole time: the federal government's reform program, and a dialogue among all those living in Kosovo.

This is because one can no longer conceal the failure of that policy, which is turning Kosovo into an avenue of death, and in the best of cases only postponing until the future the high price to be paid for that debt, which someday it will no longer be possible to avoid. Perhaps this can explain the fact that for some time Ante Markovic has been supported in both Serbia and Montenegro. Although the federal leaderships are being given ultimatums, it seems that for now they are not too impressed by them, letting them clamor while they do their work. Thus, for example, the two top men in this country went to the two focal points of the conflict, Belgrade and Pristina. Markovic went to the Belgrade Assembly, where he spoke about the reforms, and Drnovsek went to the "southern province," where he did not speak about Albanian terror. The federal government asked Slovenia and Serbia to sit down at the same table without setting any prior conditions. An affirmative answer has already come from Slovenia. At a moment when immediate

rational action will determine whether Kosovo will be lost forever to Yugoslavia—because no repression and force can permanently prevent that if a popular uprising occurs—it is extremely important that the Federal Executive Council has proposed a dialogue with all those who care about the integrity of Yugoslavia. It is unfair that such a condition is being mentioned only in connection with the Albanian side, but that is the least of the tactless approaches to which that people has been subjected recently.

What is happening in Kosovo can destroy the program of initiated reforms, and thus destroy once and for all the possibility of the long-term existence of this country. If people really want to solve the Kosovo problem, however, and not just suppress Kosovo's enormous dissatisfaction, then a special program must be adopted for it, which will contain both economic stabilization measures and a program for democratic reforms, among which a dialogue is essential, the first step in opening the way to free political association, a multiparty system, and free elections. Such an outcome is inevitable, and it is impossible to avoid it. The question is only how many more lives will be lost before that is realized. The sooner that happens the easier it will be, not to forget, but to forgive the fact that to date principles and the truth have often been sacrificed for the love of the rulers. Yugoslavia has almost reached the end of its dismantlement. Is it only a wish, or are there really forces that have begun the process, not of a new integration—such an assertion would be too bold—but of the difficult achievement of keeping one's head?

Status, Fears of Serbs, Montenegrins in Kosovo Discussed

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pp 9-11

[Article by Fahrudin Radoncic: "From Tear Gas to Tears"]

[Text] In Malesevo, where three young Albanians died in a few minutes, on Wednesday, the last day of January, there was no chanting, tear gas, shooting, or barricades, contrary to everyday life in Kosovo... According to an unwritten but profoundly respected custom, the first dawn after the death of Sadra Maksua, Arsim Avdulahu, and Hisen Mazreku was considered a "blood day," when, as the locals explained, the militia avoided appearing where there had been bloodshed the previous day.

The blood in Malesevo, which was marked by several bricks and at the same time protected from any accidental step, tears, or glances, as well as emotions filled with hatred, is a tragic introduction to an even more tragic issue: whether Kosovo will be even bloodier, and whether the somber futuristic indication of the Lebanonization of Kosovo and the Kosovization of Yugoslavia will become our fate.

If one can judge by the dramatic nature of everyday life in Kosovo, and its even more dramatic portrayal in the public media, resulting from collective shock, or else guided hysteria—such an outcome, even though some of Brovet's assurances have a very sedative effect, cannot be completely ruled out. Such an outcome, and the official culprit, are indicated by the Azerbaijan titles about "Albanian terrorism," the attacks on every train passing through Kosovo, the barricades erected and the "cities and villages divided," the "wildness of the separatists," who "are attacking the rest of the Serbs and Montenegrins," and "attacking the militia with axes."

On the same day that the news, interpreted in this manner, aroused a volcanic eruption throughout the country, the Kosovo alternative movements held a press conference, and told foreign and domestic journalists with equal emotion, "State terrorism is being conducted against Albanians in Kosovo. The latest proof of that is what happened in Malesevo, and what was also described as a criminal and terrorist police act by the authorities of that opstina. We demand the formation, as soon as possible, of an independent commission under the Yugoslav Committee for Human Rights to investigate how force came to be used, as well as the deaths that have been reported in Kosovo. We demand that after this the participants in events like the one in Malesevo be brought to trial as soon as possible; and we appeal to everyone to refrain from the use of force and seek a peaceful solution to the Kosovo situation." That was the position of the leadership, which at this time has assembled more than 100,000 members.

On that tragic and now typical day in Kosovo, the doctors at a Pristina clinical center also issued an appeal to blood donors, in order to save the lives of wounded demonstrators. None of the media here, however, wanted or dared to publish it.

The explosive eve of an interethnic war in Kosovo, in which universal values like blood and life have different ethical and political importance depending on one's nationality, is the most morbid indicator of the tragedy of the Kosovo situation today, and the true disaster for all the peoples living there.

The Albanians' nationwide movement and rebellion, in which rural areas have joined publicly for the first time, the constant chanting of "Democracy, democracy," and "Kosovo yes, Metohija no," and their intransigence when faced with tear gas, as well as gunshots, are proof of their unprecedented unification and continuing fanatical persistence in pursuing their goals.

The thick clouds of tear gas (for which onions proved to be a remedy?!), police clubs, arrests, armored vehicles, and machine-gun fire, and the considerable number of people killed and wounded—some of whom were shot in the back, as Dr. Bujak Bulosi, an alternative movement activist, claimed at a press conference—have not essentially reduced the mass gatherings of Albanians and curbed their rebellion.

On the contrary, every funeral—and they take place daily—is turning into an unprecedented way of displaying defiance, where, in a funereal silence, tens of thousands of people express their attitude toward what is now happening in the province, with raised arms and two spread fingers (the victory sign). It is clear to everyone, and most of all the Serbs and Montenegrins in Kosovo, that the Albanian blood spilt is not a guarantee of their security, because in these parts, in particular, it is hard to forget and even harder to forgive. Although Albanians fortunately have not been shot at by their neighbors of Serbian and Montenegrin nationality, the evident fear of revenge and retaliation is an enormous psychological burden, which is further aggravated by the awareness that separatist extremists have successfully infiltrated the dissatisfied Albanian masses who desire democracy.

All of this, and above all the general insecurity, intensified by fear of what the painful funeral scenes could escalate into, is only accelerating the purchase of tickets already booked for the final departure of Serbs and Montenegrins from Kosovo.

Even those who want to remain only see that as being possible through forceful intervention by security forces, or, as in Klin, Osajina, Ibarski Kolasin, and many other places inhabited by Serbs and Montenegrins, through "self-organization and assistance from our people for direct resistance to the enemy on our own thresholds."

The profound unhappiness and frustration of the members of all the peoples in Kosovo are a dramatic refutation of the effectiveness of the policy conducted to date in that province. That is also supported by the truly disturbing fact that during this troubled January alone, 165 Serbs and Montenegrins emigrated from Kosovo, and 1,960 of them during the past year of the emergency measures. The striking results observed after the "easily promised haste," and the pompous arrival of Slobodan Milosevic in Kosovo Polje, or the recent return visit by citizens of Kosovo Polje to the head of the Serbian state, will appear to a critical analyst to be more the effect of a weak psychological crutch and support than a constructive improvement in the Kosovo situation.

Nevertheless, in the stormy turmoil of the interethnic crisis, the Serbs and Montenegrins see the only salvation from "pogroms and exoduses" in the Serbian leader's radical policy. Since a complete commitment to that policy at the same time also means turning one's back on the Albanians, who—this is no secret—are not concealing their revulsion at such a concept, it turns out in practice that the Serbs and Montenegrins are dual hostages: first of all, at least as they usually claim, hostages of the majority Albanian population, but rather, one could say, the hostages of a mistaken policy.

And thus, while for some people the police, supported by JNA [Yugoslav People's Army] units, are the only guarantee of respect for basic human rights, for others their withdrawal from political life and an end to repression

are the basic prerequisite for settling the Kosovo crisis. Such irreconcilable differences, or rather, one might say, political and national antagonisms, have been raised to the highest political and state level, from the Kosovo streets and battlefields, before the passionately biased Yugoslav public and members of different peoples and nationalities.

The ideas according to which "the demands of the citizens of Kosovo for national equality, a multiparty system, free elections, an end to political trials, and the release of political prisoners cannot be proclaimed to be a counterrevolution" were received on the other side of the Yugoslav political table as alleged support for terrorism and were equated with "anti-Serbian, anti-Yugoslav, and separatist goals."

Even more precisely, while the recent events in the province represented for Serbia "the obligation of the state authorities in the republic to use appropriate measures to oppose as forcefully as possible all destructive and terrorist actions by Albanian separatists," the crushing reply came from Slovenia that "The situation in recent days, which has been developing into a danger of civil war, is sufficient proof that the logic of the continual affirmation of emergency measures only leads to an increase in the national-territorial threat, interethnic tensions, and bloodshed."

The profound conceptual difference is also reflected in Kosovo reality. While "Democracy, democracy" is being repeated throughout part of the province, and thousands of candles are already burning, according to the East European prescription, a dilemma is smoldering in many heads with different political and journalistic orientations as to how and where to draw the line between acceptable demands for the democratization of political life, and the always alert and organization-minded irredentism.

That line is now being rigidly drawn in the worst and most fatal possible way, instead of through well-considered political action, contact with the masses, and a dialogue with trusted people: it is being drawn by means of repressive political guidelines, tear gas, and, worst of all, by firearms. That is reducing, day by day, the maneuvering room for political solutions that will be acceptable to everyone.

The sensitive, complex, and equally explosive Kosovo situation, where every day means the disappearance of even a minimal sense of tolerance, has been further complicated by the strings connecting the "puppet leadership" in Pristina to the "strong arm" in Belgrade. The persistent attempts to depose it and the even more resolute "no" in its defense are together a practical demonstration of one more typical Kosovo division. Morina's departure from the political scene is considered among Albanians to be a completely logical consequence of what has already happened in Vojvodina and Montenegro, when the people themselves overthrew the old leaderships and elected new ones. Furthermore, such

demands are also highlighted by what is happening in Yugoslavia, where free, multiparty elections are expected in some republics, and the East European context is not being forgotten either.

In spite of this, the eventual fall of Morina, who personifies the entire provincial leadership of Albanian nationality, is being strategically equated with a victory for the irredentist and counterrevolutionary forces in Kosovo. Even worse, as asserted by Dragan Smigic, the secretary of the League of Communists [LC] opstina committee in Podujevo, "if Morina falls a tragic chaos will ensue." Actually, if one may offer a comment, the big question is whether Morina and his official team of "decent Albanians"—as uttered with irony by most of their countrymen, whereas Serbs and Montenegrins use this to mean their Yugoslav orientation—represent a relevant guarantee and personification of the Yugoslav revolution and its legacy. Their eventual departure, with the very important condition that Albanians who truly protect the interests of Serbs and Montenegrins come to head the provincial political and state authorities, first of all means only the collapse of Milosevic's Kosovo cadre structure, which is being shaken more and more with Morina at the head of it.

In any case, his position is becoming far more difficult in a moral and political sense, not just because his Albanians tendentiously compare him with Ceausescu, and perceive the shots at demonstrators as if they were fired by his hand; the increasingly more influential, but also more disputed, alternative movement is becoming a much more important phenomenon.

The Democratic Alliance of Kosovo already has more than 100,000 members, and the declaration by the UJDI [Association for a Yugoslav Democratic Initiative] branch here has been signed by tens of thousands of people. The Kosovo political authorities view all this as if the alternative movement were acting hand in hand with the terrorists, and its leaders are already being called incorrigible separatists in some media. On the other hand, Ibrahim Rugova, who heads the Democratic Alliance of Kosovo, indignantly rejects the accusations that this is a preparation for the secession of Kosovo, and in response to a journalistic provocation that he was under constant influence by separatists, decisively asserted that the alternative movement only wanted democracy in Kosovo, an end to repression and bloodshed, true and genuine autonomy, and a peaceful life for all citizens of Kosovo, regardless of their ethnic identity.

In spite of this, the Serbs and Montenegrins here do not trust Rugova very much, as a result of the well-known Kosovo divisions, and, among other things, the influence of the Belgrade media, which really does not spare any words about his alleged chauvinism and separatism. In any case, however—and here one should particularly keep in mind the local UJDI branch and its head Veton Surroi—the alternative movement has not only changed the political milieu in Kosovo, but is also becoming a real political force.

Kosovo is being affected by the alternative movement, its membership is growing more and more every day, and, in a way, considerable intellectual potential has already been concentrated there. According to the well-known saying that one man's meat is another man's poison, the Kosovo LC's membership is leaving on a large scale and in a demonstrative manner, and this is already causing great concern. That phenomenon can already be described as a new political trend, and in a way its essence can best be noted in the explanation given by RILINDJA's journalists and employees when they collectively left the party: "As an expression of protest against the bloodshed in Kosovo, which is a consequence of the chauvinist anti-Albanian policy that has been continuously conducted for many years, which considers Kosovo exclusively as a Serbian issue, and not as an issue of the entire population, and because of the complete responsibility of the Kosovo LC, which is no longer a party of the people and which does not represent the human and national interests of the citizens..."

While Morina is becoming a general without his own army, or, what would be equally awkward, the party leader of the Kosovo Serbs and Montenegrins, and the increasingly fewer "decent Albanians" loyal to him, some of whom, like Banusha Berbatovici, a delegate at the recent party congress, are protected by the militia, equally alarming but different demands and observations are coming from the newspaper JEDINSTVO, which employs Serbs and Montenegrins.

In fact, the journalists at this newspaper have issued a public statement angrily demanding protection from "Albanian terror and separatism," and giving very disturbing descriptions of the position of the Serbian and Montenegrin population in Kosovo, which, in their opinion, is equivalent to the blackest persecution and genocide. In this example of a direct confrontation between the two provincial newspaper companies, one can observe not only an interethnic split among intellectuals and journalists, but also the bitter media propaganda war that is being waged in Kosovo these days.

The daily disinformation which portrays the already chaotic situation as almost cataclysmic, with many somber hues, provides a retouched picture of everyday life in Kosovo, which is being unsparingly offered to an already quarreling and emotional Yugoslavia. For example—and there are many such examples, unfortunately—while a large team of reporters was covering the funeral of the three young Albanians in Malesevo, where there was nothing but a truly ominous silence, Radio Pristina was reporting heavy fighting in that location!?

This example, however, is barely a drop in the agitated sea of disinformation, the aim of which—instead of accurate reporting on the situation, which is in any case very troublesome and critical, and as such quite sufficient for increased circulation—is heightening passions through propaganda and further aggravating an already tense situation. The powerful propaganda machine, playing on people's expected hypersensitivity to the

position of Serbs and Montenegrins in Kosovo and the very real phobia about the possibility that the separatist concept might become dominant among Albanians, has created a psychosis that is contributing to the achievement of political goals that are far from naive; but it is actually harming Kosovo and the Serbian and Montenegrin population here.

While that kind of instigation is arousing cannibalistic passions, an "internal" propaganda machine is working wonders among Albanians. It is being assisted in this by the highly censured RILINDJA and TV Pristina, which leave it an open field for inciting all sorts of the gloomiest speculations. Thus, in the absence of competent and substantiated information from the authorities, for days stories have been going around Kosovo about the alleged appearance of a police "death squad" (obviously voiced after the random shooting in Malesevo, of which Drnovsek was also informed), and even about its being composed of Cetniks in blue police uniforms. Such extremes, which are unfortunately becoming the dominant reporting style, are not only indications of a particular kind of special war being conducted here, but also an indication of a situation that is not far from a collective fall into a pattern of bloody spontaneity. Janez Drnovsek's visit to Pristina, and those by several other high federal officials, give rise to optimism, but it quickly fades before the announcement that just arrived from five Kosovo alternative movements and groups that "in retaliatory operations, the security forces killed 17 people" ("In Kacanik, 10-year-old Hafiz Shora was shot in the back, in front of his house, by a long-distance sniper"), and the news from the morning edition of POLITIKA EKSPRES that "about 500 women and children from Kosovo arrived" in Belgrade "out of a fear of terrorism."

Obviously, a great deal has to be changed in attempting to resolve the bloody Kosovo question. On one hand, there is open pressure for it to be settled with the sharp edge of a repressive sword, while the other option is finding a transitional solution (civilian administration?) as a precondition for a law-governed state, and respect for human rights, democracy and political freedoms as universal values and an inalienable right of members of all peoples and nationalities. Naturally, it cannot ever be taken away from anyone, including Serbs and Montenegrins, but it cannot be prescribed as a diet for Albanians either. Until that is understood, the optimistic minority will grasp at straws like the statement by Nazmi Misini, a member of the Presidium of the Kosovo LC Provincial Committee, that "the conflict is between extremists, and not peoples" and the fact that as this goes to press, there have fortunately been no Serbs or Montenegrins among the casualties. One never knows, however, and if even that fragile straw burns up, the great Yugoslav interethnic funeral pile will be set ablaze, as in Azerbaijan, to the delight of the enraged and unscrupulous people who are fanning the flames.

In the situation of general tension, escalating interethnic frictions, ominous expectations, and mutual aversion,

Albanians, Serbs, and Montenegrins can be seen now in the saddest place of all—the death notices, which, regardless of their green or black color, are posted together on tree trunks along the Pristina promenade. It is important to note that the death notices have not been damaged or defaced. Perhaps that is the minimum left from the forgotten tolerance, from which a smarter and wiser policy could generate reason and neighborly tolerance and patience, which are much more important.

Pristina Radio-TV Director Expresses Views of Albanians

90EB0273A Belgrade MLADOST in Serbo-Croatian
15 Jan 90 pp 17-19

[Interview with Agim Malja, director of Radio-TV Pristina, by Momcilo Petrovic; place and date not given: "Albanians Fear Retaliation"—first paragraph is MLADOST introduction]

[Text] By profession a physician, he is director of Radio-Television Pristina, a member of the Provincial Committee of the League of Communists of Kosovo. He is regarded as an honest intellectual who can be a political guidepost in the stormy region of Kosovo.

[MLADOST] Today even the most inveterate idealists admit that Yugoslav society is in a crisis. Both the economy, the political system, and the system of general values are faced with general collapse. What was the first to break?

[Malja] When an organism is in a state of collapse, the initial cause of this condition is not essential, because feedback is introduced. As we doctors say (Agim Malja completed medical school—interviewer's note), a *circulus vitiosus* [vicious cycle] begins. The cause nourishes the effect, and the latter in turn has a negative effect on the cause—and so on to the tragic end.

It sometimes seems to me that everything began with the crisis of morals. And then the political system found itself in a crisis, along with politics and everything done by the people who were in charge of it. I also think that this situation would not have come about if the economic base had been different, and so the chain is completed. However, recalling what Konstantinovic said, to the effect that "in a crisis the opportunities are as great as the crisis," I believe that it had to come to this. For too long we lived and planned the future on a foundation that we believed to be eternal and immutable after it had been put in place, after the Revolution, as we believed that all questions of community life had been solved. But they were not solved. We are now faced with the task of finding a new basis of community life in this region, in effect the basis of our existence.

[MLADOST] Was this foundation warped at the very time it was laid, or did it crumble with the passage of time?

[Malja] However critically disposed they may have been toward our model of socialism, I believe that we moved more rapidly from dead center than other Eastern European countries, the countries of real socialism. Thanks to 1948, despite all its faults, thanks to self-management, thanks, if you will, to the Brioni Plenum, although there are opposing views of this event, because the ethnic is also interwoven with it. Then there is 1972, and the deplorable thing is that the opportunity of that time was missed, because there was no movement backward after it. And I think that mention should also be made here of the agreement-based economy, which nevertheless represented an advance over the command economies which some East European countries now have to take as their points of departure.

[MLADOST] It nevertheless seems that we have something in common with these countries, almost simultaneous abandonment of a system in which one party has a monopoly on power.

[Malja] Our situation and our reality are such as to make it rather difficult to establish a multiparty system. It is not the same thing to form several parties in a single one-nation country and to do so in a country like ours. In our country the Communist Party succeeded in effecting a synthesis of the interests of all ethnic groups; it seized power because it had behind it the Revolution, which, at least during the first postwar years, was the standard against which all things were measured. And now it is a highly delicate matter to form several parties, especially because this one party that had achieved a supraethnic synthesis has compromised itself.

[MLADOST] The fact is that other parties now exist in Yugoslavia.

[Malja] They exist, and I support political pluralism without reservation. And I believe that the League of Communists must go through the experience of weighing its strength against them in free elections.

Opposite Direction

[MLADOST] What chance do you think it has in such elections?

[Malja] A very good one; I even think that it is the only one that has a chance to win. Not a League of Communists literally divided into six or eight parties—I say "six or eight" intentionally—but a League of Communists that can manage to control itself and restore the authority it had among the people.

[MLADOST] Can it do this?

[Malja] There are two possible fates in store for our Communist Party. Either it will make a serious effort to solve the ethnic problem in Yugoslavia, the same problem it believed had been solved only to find out later that solution had only begun—to be sure in the right way—and so for years and decades paid more attention to the ethnic groups than to their nationalism, or parts of

the LCY, together with other parties, also ethnic ones, because they have no chance of rising to a supraethnic level, will confine themselves entirely to their own republics and provinces, and then we will all have to sit down together and see where we are. Unfortunately, things are already moving in this other direction, in Slovenia, Serbia, ...

[MLADOST] How much blame is to be assigned to the leadership for the ethnic coloration of these Leagues of Communists which are members of an all-embracing "League of Communists," and how much to the rank and file members?

[Malja] Most blame, almost all of it, is borne by the leadership. I repeat: for years it concerned itself with ethnic groups rather than with nationalisms. You see, until recently no one in Serbia dared say "Serbian writer." He had to say "Serbo-Croatian" writer. The only thing Serbian was the Serbian Glass Factory in Paracin. Now this is coming back like a boomerang. And it is the same in other areas.

I feel a collective paranoia about me. Everyone feels himself threatened by everyone else. If we go back two years, a decade, or even 20 years, a person can easily find evidence that he was oppressed. The leaderships manipulated this paranoia to reach its political goals, and I would even go so far as to say to stay in power.

[MLADOST] Are you perhaps overestimating the abilities and forces of the leaderships?

[Malja] At this moment the political leaders enjoy the full support of "their own" intellectuals, who, in the name of the "ethnos," agree to help them. Some of them, some writers, are even urging war. I sincerely hope that the time will come when they are ashamed of their actions.

[MLADOST] Until a few years ago a topical question was "why are Albanian intellectuals silent?" Was this "silence" of theirs, which was due to the complexity of the situation in Kosovo, merely more obvious than the silence of others, or was it a question of total distancing from political events?

[Malja] It must be admitted that Albanian intellectuals were more taciturn than their colleagues in the other republics and provinces. They were not lacking in political sociability. If we go back some time we find that the Albanian intelligentsia was formed at a time when political parties did not even exist. There were practically none before the war, and so the intelligentsia developed in this socialism of ours. The reasons for the passiveness, however, are to be sought in the real political situation of the period marked by this silence; there was much nonsense in Kosovo after 1981. In its desire to retain power, the bureaucratic top leadership crushed everything in its path. For example, a campaign was launched against indoctrination from Albania. Tasks began to be passed out on slips of paper. People went to offices and ordered "you do this; you do that." Disobedience was

punished with expulsion from the party and dismissals from jobs. A process of differentiation began and went on for several years. And the other side, however, behaved like Zhdanovites. The first to fall on the side of the intellectuals was Esad Mekuli, a person whose Yugoslav patriotism was possibly greater than that of any other Albanian living here.

A Supraethnic League of Communists

[MLADOST] How do you explain the fact that the period of "silence" coincides in time with the power of a political structure which is now accused of ethnicism and separatism, and that the first voices are being heard under the "reign" of a leadership which these same intellectuals considered to be imposed and "Pro-Serbian"?

[Malja] It cannot be said even today that Albanian intellectuals are speaking up. But some things have changed—if you consider Appeal 215, the formation of parties throughout the country, and throughout Europe for that matter. Some things can no longer be easily blocked.

[MLADOST] Currently there are three alternative movements in Kosovo. Despite the fact that some of them do have members of Serbian nationality, they have an Albanian ethnic coloration. For instance, there are the Association for Yugoslav Democratic Initiative (headed by Veton Suroi), the Committee for Protection of Thought (Idriz Ajeti), and the Democratic League (Ibrahim Rugova). What are prospects for participation in the process of democratization of Yugoslav society, and what dangers are contained in the action of so-called ethnic parties in the volatile atmosphere of Kosovo?

[Malja] They have been created as an expression of dissatisfaction with current politics, but, I repeat, they are also the result of global movements on our continent. As such they are also a reflection of our national divisions. You did not mention the Bozur Society of Serbs and Montenegrins. There are no Albanians in it. And I believe that the only way to surmount this potentially dangerous situation is to strengthen the League of Communists on a supraethnic basis. Consequently, insofar as pluralism is concerned, we Albanians in Kosovo say, in effect, "if you stand up I will kill you, and if you sit down I will kill you."

We see a resolution of this situation only in guarantee of human rights; this would do away with the conditions for creation of ethnic parties.

[MLADOST] We assume that the League of Communists will not manage to overcome its internal divisions and will not become the party you advocate. As a member of the current Provincial Committee of the League of Communists of Kosovo, what party would you join?

[Malja] I would look for a party that guarantees democracy and human and ethnic rights, whether it called itself

communist, socialist, social democratic, or something else. I believe that the majority of Albanians think this way.

[MLADOST] We are witnessing certain new phenomena in the Yugoslav public information area, ones caused by the formation of alternative movements and parties and their vocal demands for a greater presence in the mass communications media. How are the programs of Radio-Television Pristina coping with this plurality of voices?

[Malja] We are trying to inform our listeners and viewers about all the events at this level, but without saying that we are either for or against them. I must admit, though, that this is not merely general information being disseminated. The situation in Kosovo is a specific one; the state of emergency still exists, and everything that happens during the day is linked to what was said on the television news program on the preceding evening. All our media are supported exclusively by the government budget, and once this is known it is not difficult to draw certain conclusions.

The Albanians and Reprisals

[MLADOST] When you assessed the situation in Kosovo, you said that there are two conflicting options for continuation of life in the Province. Are their points of contact between them?

[Malja] I believe that they are extreme opposites. The first option, which may be defined as essentially insistence on retention of the current division of power, an option that naturally enjoys the full support of the current leadership, is accepted by Serbs and Montenegrins and by some Albanians, primarily ones in economic and political management positions. The other option, which entails disbelief in the efficacy of repression, is much more palatable to the ethnic Albanian population and to some Serbs and Montenegrins, even at the individual level.

The emigration of Serbs and Montenegrins really is the crucial problem of Kosovo, and we here are possibly more aware of it than is the case in Serbia and other parts of Yugoslavia. It has created fear among the Albanians; they fear reprisals.

The advocates of the first option, however, consider the remedy to be further intensification of administrative measures, insistence on differentiation, and, following the logic by which the musicians are changed rather than the instruments when the band plays badly, they seek the reasons for lack of results in poor work by the leadership and reinforce the repression, gaging its effect by the number of persons fired from their jobs, expelled from the Party, imprisoned, or isolated. They do not realize that by acting in this manner they are merely multiplying their enemies. Unfortunately, this method of "stabilizing the situation" is now being followed. The gage of the validity of a policy is above all its acceptance by the masses. And I fear that we cannot fully claim such acceptance.

[MLADOST] Why is insistence placed on implementation of such a policy despite the fact that it is wrong? Is it a question of lack of information on the part of members of the League of Communists of Serbia Central Committee and of the LCY Central Committee who were behind this policy, or ...

[Malja] Not until very recently did we frankly acknowledge to each other that a possibility of lack of information was not out of the question. I am inclined to think that it is an expression of the frustration of the population of Yugoslavia, above all Serbs and Montenegrins, with the events in Kosovo, and this frustration has turned into distrust of all Albanians. This feeling is stronger than awareness of the results, which are running counter to expectations.

[MLADOST] Is there any solution, then?

[Malja] There is a solution. There must be an end to preoccupation with enemies, and the potential present in Kosovo must be unleashed. The economic situation in Kosovo is disastrous. Here it is the middle of January and the employees of Radio-TV Pristina have not received their pay for December.

You can imagine what this means. We must do what we can to establish normal life for every person in Kosovo, regardless of ethnic group, and elementary certainty of subsistence. The mutual suspicions and accusations must come to an end.

Better To Do It Without a "Romania"

[MLADOST] The financial problems are not the only ones that Radio-TV Pristina has. Until recently was there not a local media war between the editors of programs in Albanian and in Serbo-Croatian?

[Malja] Yes, but we can say this war ended with the most recent changes in the Kosovo leadership and realization of the "first option."

[MLADOST] And what is the current situation in Yugoslavia at large in the matter of the media war?

[Malja] We are proceeding in accordance with the specific features of Kosovo that I have already alluded to. But we do not need the support of politicians, whatever quarter it may come from, that pushes us into the spilling of blood. I cannot understand what goals could justify the spilling of blood of even one young person, and I fail to understand anyone who advocates it from a safe distance. Above all we are informing spectators and listeners of the "media war" in Yugoslavia and we are taking part in the measure that is in keeping with this "first option." All of us have families of our own, you know.

[MLADOST] Television Belgrade broadcasts church services, and Television Zagreb has done the same. In Macedonia the newspapers have published a letter from the head of the Macedonian Orthodox Church. May we expect your programs to take a similar step?

[Malja] We are thinking it over.

[MLADOST] After Romania there is widespread thinking that "Albania is next." Do you think that changes are possible in Albania?

[Malja] I have never been in Albania and so I do not have enough information to be able to predict anything. However, I would welcome any change in the direction of establishing democracy, and I also hope that there will be no spilling of blood like that in Romania.

Chief Editor Asserts Ethnic Impartiality of BORBA

90EB0273B Belgrade MLADOST in Serbo-Croatian
15 Jan 90 pp 19-21

[Interview with BORBA editor in chief Manojlo Manjo Vukotic by Duska Maksimovic; place and date not given: "BORBA Is a Fine Name"—first paragraph is MLADOST introduction]

[Text] At a time when "nationwide newspapers are stable to the extent that the federal government is stable," the former Rome correspondent of BORBA and now its editor in chief talks about the most recent events in this prominent Yugoslav newspaper.

[MLADOST] As the saying goes, you head the list of the small number of so-called nationwide newspapers. What does this mean at the moment?

[Vukotic] To head any list is a difficult matter today. To tell the truth, sometimes it is also challenging, because I believe that newspapers play a complex part today. In times of great changes and reforms such as those in and around our country there are moments when newspapers can prove themselves and show what they can do. Consequently, possibly it is not important to be an editor in chief and there are no significant differences between editors in chief of particular newspapers.

[MLADOST] It seems to me that under our conditions there definitely are differences.

[Vukotic] For good or for ill. As some people choose to put it, nationwide newspapers waver or are stable to the extent that the federal government is stable. Inasmuch as Yugoslavia is not stable during these times, in large part nationwide newspapers also are not stable, primarily because of the uncertainty of financial resources. The financial underpinning to a great extent now shores up republic-wide or provincial newspapers. In fact, the nationwide newspapers have no backing today. The founder—and the founder of BORBA is the Federal Conference of the Socialist Alliance of Working People (SAWPY)—in theory stands in front of or behind the newspaper, but it gives no financial assistance. As a matter of fact the founder of nationwide newspapers exists really to draw money from the federal budget for them. As a result, however, the nationwide newspaper is limited from the outset, in that it does not receive one of

the benefits enjoyed by the republic-wide newspapers by virtue of republic-wide laws. It goes so far in Serbia, for example, that individual newspapers are as much as 90-percent tax exempt by decisions of republican government authorities.

Circulation Is No Standard

[MLADOST] In effect these newspapers all boil down to POLITIKA.

[Vukotic] Yes. There is a government decision to this effect published in the SLUZBENI LIST [OFFICIAL GAZETTE].

[MLADOST] Do you ascribe this situation to the existence of guardian angels in the republics or to something else?

[Vukotic] Some of it to the situation of the federal government and some of it to the care or neglect of the founding organizations themselves. In the case of POLITIKA it is the government of the republic, because the founding organization, the republic conference, has no money—a concession of this kind is made by special decrees. This is a concession also probably made by for factories or institutions. But in this case the republics are protecting their own, because the press then protects them. The connection between the treasury of a republic and the newspaper of a republic is to that extent broken.

[MLADOST] May it not be that the federal press has no money because it has no one to coddle?

[Vukotic] Of course not, but everything points to the conclusion that the federal press today exists more or less by the inertia of a tradition according to which the federation was stronger, more unified, and the unified communist party also had a daily newspaper of its own.

[MLADOST] Nevertheless, tradition is not held in very high esteem, and the "traditional" federal newspapers as well could very easily cease to exist.

[Vukotic] Such an event would be an unforgivable sin, not because the newspapers are under the protection of federal agencies, but because, owing to their long tradition—BORBA has been published for 68 years and MLADOST for 70, they have always been Yugoslav, they are so today, and they should continue to be so.

"Yugoslav" in this case means that, to put it in conventional terms, they satisfy the interests of all the republics and provinces, they combine all these interests, and are sources of policies and documents. The republic press does not do this today; it is not even in a position to do it. Possibly they are in a position to do so from the personnel and technological viewpoint, but in guiding the policy of their own republic or province they create their own information circle. The data are culturally disastrous for us. Only two percent of the circulation of the press of a republic goes beyond the borders of the republic. This is the best evidence that its effect is limited. Consequently, such a press cannot meet the

needs of a single Yugoslav, not from the viewpoint of ethnic dedication but from that of hunger for information.

[MLADOST] But to judge by the circulation of BORBA and other federal newspapers, there are very few such information hungry persons.

[Vukotic] Unfortunately, there are few. But it should be pointed out that when Yugoslavia was "whole," BORBA, for example, was a symbol of Yugoslav determination and had a circulation of 700,000.

[MLADOST] It nevertheless is a fact that at that time the circulation was also kept up by a sort of party obligation referred to as "the duty to buy BORBA."

[Vukotic] At that time, of course, people carried BORBA conspicuously under their arms. The fact is, however, as the strength of the federation waned and the strength of the republic and its newspapers increased, the circulation and reputation of BORBA declined, as I venture to say did those of other nationwide newspapers. But it does seem to me that BORBA lost more of its circulation than its reputation. Even today it has a better reputation in the country and around the world than its circulation would indicate. After all, the situation is similar with many world newspapers whose circulation is small but which exert a very strong influence. Take the circulation of LE MONDE, some 400,000 copies. This was the circulation of the VECERNJE NOVOSTI for about two years.

Today BORBA is the most widely quoted newspaper in the Yugoslav press. It is mentioned an average of 80 to 90 times every month in other newspapers.

The Founding Organization Does Not Apply Pressure

[MLADOST] Almost all the newspapers in our country console themselves with the joke that their circulation is declining but their reputation is growing.

[Vukotic] I will get beyond these anecdotes by pointing out a single fact. Today there are in Yugoslavia only two daily political newspapers whose circulation is growing—slowly, but growing. They are SLOBODNA DALMACIJA and BORBA. BORBA is not an ethnic or supraethnic newspaper. It tries to present a portion of the events in our country objectively, truthfully, authentically, and with documentation. We are aware that there are no big jumps in circulation, but we hope that in 1990 we will reach a certain goal that we have set, one that yesterday we believed to be unrealistic.

[MLADOST] What is this goal?

[Vukotic] A circulation of 70,000. That is to say, we will try to broaden the editorial concept. The basic policies will remain the same. They are a Yugoslav dimension, truthfulness, dignity, writing of high quality, and what is conventionally termed neutrality. That is to say, no pronouncements on any ethnic needs, games, traps, and tricks.

[MLADOST] Does the neutrality go as high as the sponsor, even if it is a weak one like the Socialist Alliance of Working People of Yugoslavia?

[Vukotic] It does. Stated in the simplest terms, the founding organization applies no pressure whatever to us today. However, we also have no assistance, aside from consultations, project groups, etc, which we could also do without. At the same time, we no longer given orders and demands, what was once termed censorship. I want to state that the behavior of the founding organization and the political structures toward BORBA has changed. In addition, a liberated journalistic creativity worked its way through the editorial office itself, a creativity which pressures from outside could not have prevailed against even if they had existed. Simply put, there can no longer be any subservience in journalism. There must not be.

[MLADOST] It seems to me that you are refuted by the polemic with POLITIKA. You criticize it for being in the service of a single policy. Consequently, you say that there can be no subservience but it does exist.

[Vukotic] When you bring up such examples, I am reminded of one of the rare advantages of the nationwide newspapers. Federal agencies, whether they want to or not, do not feel that they have enough federal power to be able to exert strong pressure on newspapers. Although voices from the republics do come in by way of the publishing councils, they are rather quiet and timid. I do not mean to imply that there are no pressures on the press, especially the republic, regional, and provincial press. My position may seem a little strange, but I have verified it and seems to be fairly accurate. Specifically, two years ago our press chose the magnificent role of true democratic leader, a brave attacker who has destroyed several existing bunkers with his openness and broached taboo topics. The press took a step or two ahead of events in society and the party. However, when this process began, the press began in rather inexplicable fashion to link itself to republic and province oligarchies and all at once lost some of the major advantages it had once gained. It lost part of its aggressiveness and openness and became largely a handmaiden of republican and provincial authorities.

[MLADOST] It has exchanged aggressiveness for comfort.

[Vukotic] Possibly. After all, we know that many newspapers received many large gifts in the form of buildings and technologies, including benefits for operations which for all we know may never begin. The recent purges in the press have almost stopped because individual directors, editors in chief, and even some good journalist pens very quickly changed hats and very quickly adjusted to the so-called new climates, switching from obedience to the former teams to obedience to the current ones. Others voluntarily "purged" themselves to other editorial staffs or remained outside the mainstream, in the background in their own editorial offices. This is the most striking today in our profession. And for

the sake of the profession and democracy these people should be dismissed as soon as possible. Of course, I am not in a position to provide formulas and solutions, but I do think that some of our current comedies and dramas should end in the third act, if not in the first or second.

Without the Montenegrin Lobby

[MLADOST] Do you see anything positive in the Yugoslav media war?

[Vukotic] I do not believe that the Yugoslav media war can do anything positive for Yugoslavia and its system of journalism. On the contrary, it has done a great amount of harm. But if it can be said to have made any contribution at all, it is only that it has laid us bare, showing how great our intellect is, what our ethical standards are, and what weapons we are still keeping. The war between editorial offices is truly only a war of infantrymen blindly serving their republican, provincial, or municipal commanders. The Yugoslav media war is not merely the offering of live game which is shot at. However contradictory it may sound in the light of what I said just a minute ago, it should be ended as soon as possible by newspapermen themselves. It is to say the least strange that we elect the president of a republic by referendum while the editors in chief and directors of newspaper houses are appointed by political organizations, and on an ethnic basis at that.

[MLADOST] There are already several examples of this.

[Vukotic] Surprisingly, this democratization was very quickly carried out by OSLOBODJENJE and TV Sarajevo. TV. In Montenegro as well, the editor in chief came in at the request of the editorial office. I can also give myself as an example. It happened for the first time that the editor of BORBA was selected by open competition and secret balloting in the presidium of the Federal Committee of SAWPY and at the same time was the candidate of the editorial office and the publisher.

[MLADOST] Nevertheless, the Montenegrins and editors in chief of BORBA's editions were not exactly elected in secret.

[Vukotic] The Montenegrins were counted to bolster the thesis of the so-called Montenegrin lobby in BORBA. These are empty guns and empty stories.

[MLADOST] Is it also an empty story that BORBA was recently taken under the wing of the Federal Executive Council [FEC]?

[Vukotic] For the time being the most accurate thing would be to say that we too must adapt ourselves to the times and the reforms. In the spirit of reform the VECERNJI LIST in Zagreb is trying to reconstitute itself as a stock company. In this spirit BORBA is also trying to regroup and reshape itself. We cannot survive on support by the Federal Conference in the form of words and proclamations. And we must always get money from somewhere for BORBA as it is and will continue to be.

The FEC issues announcements to the effect that it is interested in assisting and in participating in joint financing of a Yugoslav newspaper such as BORBA. Such a combination is not impossible, but only preliminary talks are being held on this subject; they will most likely be completed during January. I believe that the Federal Conference will continue to be one of the joint founders under this modified arrangement.

[MLADOST] So you have been forced into a bigamous union of convenience.

[Vukotic] According to the amendments offered to the Federal Assembly, the FEC will be transformed into a government of sorts. And the government is interested in having the battle for its program waged over the entire territory of Yugoslavia. However, even in this event BORBA will not be the official gazette of the FEC, that is, a servant.

Inherited Resistance

[MLADOST] You obviously have also given some thought to details. Will BORBA continue to be an organ of SAWPY?

[Vukotic] I have already written a proposal that will be submitted to the presidium of the Federal Conference. It recommends that BORBA no longer be an "organ" but a "publication" of the SAWPY. The proposal also moves that the old and traditional but outmoded party slogan "proletarians of the world, unite" be removed from the masthead of the paper. We hope that the founding organization will approve our initiative. If not, we will remove it ourselves, just as OSLOBODJENJE in Sarajevo wisely did recently in the spirit of the times when it deleted from its first page the slogan it entered there 10 years ago when Josip Broz died, "Comrade Tito, we swear allegiance to you."

[MLADOST] So BORBA will not be named VREME, as has been reported?

[Vukotic] No, BORBA is a fine name linked to a rich revolutionary tradition, and we do not want to change it. We believe that these times are times for struggle [borba], including struggle for the newspaper BORBA.

[MLADOST] Many believe that BORBA's tradition is an obstacle to its market penetration today.

[Vukotic] That is partly true. At one time in the past it was first a party then a government newspaper. Consequently, the aversion to it by a large part of the reading public exists because in those days BORBA deprived readers of certain pleasures, so to speak. For a long time it preached, and this is difficult to forget and is not forgiven.

[MLADOST] It appears that BORBA was forgotten quickest of all by its colleagues. In a survey conducted by SLOBODNA DALMACIJA, you were proclaimed the best newspaper of 1987.

[Vukotic] And rightly so. In just that year BORBA became a true independent democratic newspaper because of its editorial concept.

[MLADOST] And is it anti-Serbian?

[Vukotic] Over the last two months words spoken by individual highly placed Serbian leaders and some of the commenatry in POLITIKA have given rise to the ugly fabrication that BORBA is an "anti-Serbian" newspaper. We think that this is an enormous fraud on BORBA, a dishonest label which we cannot and will not put up with. As the newsmen of BORBA stated in a letter to the newsmen of POLITIKA, BORBA is neither Slovene nor Croatian nor Serbian, but neither is it anti-Slovene, anti-Croatian, or anti-Serbsian. What POLITIKA is trying to imply about us—and I am convinced that it is not the thinking of its newsmen—would mean that BORBA not only is against Serbian policy but is also against the great and honorable Serbian people. This absurdity can be demolished by pointing out the simple fact that 80 percent of BORBA's newsmen are Serbs and Montenegrins. Hence if the implication were true they would be traitors to their own people. BORBA's only sin is that in its criticism of phenomena, events, personalities, incidents, and the appearance of parties and alliances it goes further and is more open and braver than newspapers whose founders are SAWPY and other political organizations. Can the reason why the label of "Serbophobe" is attached to us, and hysterically at that, be the fact that two groups, one of which was on the marxist tribune of the municipal committee of the Belgrade League of Communists, notified us of a meeting in front of the POLITIKA building? BORBA has no quarrel with POLITIKA, but POLITIKA has a bone to pick with BORBA. BORBA is not waging war against POLITIKA, but POLITIKA is waging war against BORBA.

[MLADOST] Will you go to the meeting?

[Vukotic] Of course not.

It Is Time to Fight

[MLADOST] For four years you were the BORBA correspondent in Rome. Are such situations possible in the Western press?

[Vukotic] I cannot recall a single newspaper speaking, for example, for all Italians. Newspapers, except for low-circulation party organs, consider their function to be prompt provision of accurate, high-quality information. They consider this bitter feeling resulting from the Yugoslav media war to be inconsistent with journalistic ethics and democracy. Disputes are not settled by newspapers but by courts of honor or a regular court.

[MLADOST] BORBA did not avail itself of such a solution of its difficulties. At one time it rather openly considered changing its place of publication.

[Vukotic] For a number of practical reasons, I do not think that the move is possible. From the mathematical viewpoint it might afford some temporary relief, because taxes are not as high in other republics as they currently are in Serbia. Nevertheless, we hope that some of the exemptions granted to some newspapers in Serbia will be extended at least to some extent to BORBA and other federal newspapers published in this republic. But even if they are not granted, we will not move from this market. It is an open one. It will be better.

[MLADOST] So you think that some readers will continue to need federal newspapers?

[Vukotic] I am convinced that the federal newspapers are needed and that they play an integrative role in Yugoslavia today. Of course, we will have to put up with this political infighting and mutual sniping and impositions for some time to come, along with the current but, I believe, temporary rejection of everything called federal or Yugoslav, whether it be the federal government or a federal newspaper. I believe that federal newspapers can score important points in a fair contest. However, conditions for fair competition do not exist as yet. Even now, under unequal conditions, BORBA nevertheless is winning. Tomorrow it will win even more. It is time for the truth, and so it is time for BORBA.

EAST GERMANY

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German No 2, Feb 90 pp 62-70

[Article by D. Strobel: "GDR Shipbuilding 1989: Balance Sheet and Outlook"]

[Text] In 1989, the shipyards and suppliers of the Shipbuilding Combine achieved a new construction level of 37 seagoing and seagoing/inland ships with a tonnage value of 300,085 GT (gross tonnage) and a lading capacity of 246,616 t (Table 1). Repairs amounting to 660 million marks were performed. Services and deliveries within the framework of the production of consumer goods amount to 290 million marks—which corresponds to five percent of total goods production—and comprise, e.g., boats for sports and personal use and 31,100 household refrigerators. With this total output, GDR shipbuilding lived up to the demands and high expectations of the national economy. Being especially susceptible to instable cooperative relations as a branch of industry dealing with finished goods, saddled with additional costs due to breakdowns and delays in deliveries, and burdened with a lack of adequate labor, economic developments were not in keeping with what was originally planned. In addition, acts of God such as the low water level of the Elbe from May to November, which made it impossible to deliver a third inland passenger ship and allowed no production rhythm at the Boizenburg/Rosslau shipyards on the Elbe, diminished the results.

Table 1. New Construction in 1989 According to Shipyard (Only Seagoing or Seagoing/Inland Ships)

Shipyard	Number of ships	Gross tonnage in GT	Capacity in t
VEB [state enterprise] Shipyard "Neptun," Rostock—Basic Enterprise	6	19,443	4,749
VEB Warnow Shipyard, Warnemuende	7	107,754	127,795
VEB Mathias-Thesen Shipyard, Wismar	6	82,551	73,097
VEB National Shipyard, Stralsund	9	69,885	30,348
VEB Elbe Shipyards, Boizenburg/Rosslau	7	20,042	10,627
VEB Yacht Shipyard, Berlin	2	410	—
Total	37	300,085	246,616

Table 2. New Construction in 1989 According to Type of Ship

Type of ship	Number of ships	Gross tonnage in GT	Capacity in t
Freighters	15	153,041	179,957
—Full container and multipurpose container ships	7	95,976	116,500
—Lo/Ro [Load-on/roll off] ships	3	47,709	53,790
—Seagoing/inland freighters	5	9,356	9,667
Fishing ships	11	94,705	49,050
—Factory trawlers	9	69,885	30,348
—Refrigerated ships	2	24,820	18,702
Other	11	52,339	17,609
—Railroad stock ferries	1	21,800	11,900
—Seagoing bucket-conveyer dredgers	3	6,243	1,749
—Inland passenger ships	2	10,686	960
—Salvage ships	3	13,200	3,000
—Tug boats	2	410	—
Total	37	300,085	246,616

Table 3. Share of the Product Lines in Total New Construction in 1989

Product line	Number of ships	Gross tonnage in GT	Gross tonnage in percentage of GT
Freighters	15	153,041	51
Fishing ships	11	94,705	31.5
Other	11	52,339	17.5
Total	37	300,085	100

Schiffskommerz, the foreign trade enterprise of the Shipbuilding Combine, exported 34 new vessels, of which 25 were ships to the traditional main customer, the USSR. Shipowners sailing under the flags of Liberia, Malta, and the Netherlands/Netherlands Antilles each took on three ships. In this process, Malta is a new (the 45th) customer-country, operating ships acquired directly from the GDR (Table 4).

Table 4. New Construction in 1989 According to Flag States

Flag state	Number of ships	Gross tonnage in GT	Gross tonnage in percentage of GT
Total new construction	37	300,085	100
For the GDR	3	18,763	6
Total exports	34	281,322	94

**Table 4. New Construction in 1989
According to Flag States (Continued)**

Flag state	Number of ships	Gross tonnage in GT	Gross tonnage in percentage of GT
—To the USSR	25	197,159	70
—To Liberia	3	41,692	14.8
—To the Netherlands/ Netherlands Antilles	3	35,931	12.7
—To Malta	3	6,540	2.5

Through imports, Schiffcommerz made a significant contribution to safeguarding the planning targets of the combine and of other public consumers. Thus, another inland passenger ship, a "Moskovskiy"-model (179 seats), was imported for the White Fleet as the "Stadt Wismar," four "Baltik"-model cutters were imported for VEB BBB as auxiliary vessels, and three suction flushing dredgers for mining gravel were imported for the construction industry, all from the USSR. Ship equipment for the safeguarding of production for approximately 180 million marks, significant purchases of means of rationalization, and ship repairs for approximately 220 million marks, including ship repairs on 88 ships in Poland, show the multifarious nature of the import activities. The further development of Schiffcommerz's image as an even more efficient export and import enterprise of the Shipbuilding Combine will contribute to an even more effective utilization of the international division of labor, to being a reliable partner for ship-owners, and to an improvement the yield situation.

Last year, thanks to competitive models of ships, services provided according to contract, and effective marketing, it was possible to soundly expand the volume of forward contracts. Reciprocal ship deliveries with the USSR were negotiated and specified through 1995. It proved to be the case here that the GDR continues to be very much in demand as a supplier, but that it alone is not capable of meeting the major Soviet demand for wood freighters, multipurpose container ships, fishing ships, ship repairs, and ship equipment.

For models of ships intended for the nonsocialist market, such as the "MPC Neptun 900," it was possible to increase the number of orders to 12. Based on this order situation, a base supply of 55,000 workers, a proven horizontally and vertically organized enterprise structure, and products in international and national demand, the Shipbuilding Combine is autonomously and cooperatively engaged in international competition. For 1990, this means completing around 34 new vessels in 14 models for customers from seven countries.

VEB Shipyard "Neptun," Rostock—Basic Enterprise

Six specialized ships with a tonnage of 19,443 GT for Soviet clients, ship repairs on 122 objects, including 37

class repairs, and 16,690 commercial refrigerators, including ship refrigerators, in the area of consumer goods production are the main achievements of the shipyard. In addition, as support for the factory trawler program, 264 shipbuilding sections for nine objects—which corresponds to an hourly expenditure of approximately 13,000 hours per ship—were produced for the National Shipyard in Stralsund.

With the three seagoing bucket-conveyer dredgers "Karanay" (home port Nakhodka), "Okhotsk" (home port Kholmsk), and "Dvinskiy Zaliv" (home port Arkhangelsk), the series size has now been increased to 17. For the last new ship of 1989—dredger number 116—the delivery/acceptance documents were signed on 22 December by R. Straub, first deputy to the general director and director for production at the basic enterprise, and Y.I. Merslov, head of the Soviet construction authority. The flags were changed on 29 December, and on 6 January 1990, the dredger left the shipyard under its own power, heading for Murmansk. Its first use will be to dredge a port-like landing site to be used for petroleum and natural gas exploration.

This dredger is also the 50th one built by the GDR shipbuilding industry. GDR shipyards have produced such specialized vessels since 1953. The Rosslau Shipyard began this generation on 16 November 1953 with the delivery of the "Warnemuende" to the former German Maritime Dredging Industry. This shipyard has delivered a total of 25 bucket-conveyer dredgers, four of which were for the GDR. In the period from 1974 to 1976, the Peene Shipyard Wolgast produced eight significantly more efficient bucket-conveyer dredgers, six of which were exported to the USSR.

Thus far, the dredger model produced since 1981 by the VEB Shipyard "Neptun," Rostock ("Skadovsk" ship model, construction number 101, ship description in SEEWIRTSCHAFT No 2, 1985) is the most efficient one. It is designed as a self-propelled vessel for dredging canals, for deepening projects, and for excavating channels in the dry shore, and it conveys the dredged earth to barges by way of delivery chutes. The dredging operation, which is optimally designed for heavy soils in soil classes V to VII, is ensured at wave heights of up to 0.5 m and -10° C. The technological dredging operation is automated and ensures an optimal bucket fill. The bucket-chain drive (upper tumbler) and Seitenwinden- und Vortaubetrieb are programmed microelectronically. The service life corresponds to that of a navigation period (approximately 3,000 hours). The main diesel generators are operated with heavy oil. The diesel-electrical drive is based on two main diesel units eight NVD [expansion unknown] 48 A-2 (970 kW) and six NVD 48 A-2 (735 kW) by SKL [expansion unknown]. This diesel-electrical drive is combined with the power supply of the on-board network.

The GDR shipbuilding industry is the only one within the CEMA that specializes in maritime bucket-conveyer dredgers. Figure 6 and Table 5 show how it has increased the output of these specialized vessels, which are indispensable for hydraulic engineering projects and the nautical safety of shipping. Of the 50 maritime bucket-conveyer dredgers, the USSR took 42, the GDR six, and Bulgaria and Poland one each. The "Neptun" Shipyard will continue dredger production in 1990; Construction number 118 and 119 have been ordered.

Table 5. Generations of Bucket-Conveyer Dredgers

Shipyard	Construction year	Model/name	Conveyance capacity	Max. dredging depth
Rosslau Shipyard	beginning in 1953	I/"Warne-muende"	400 m ³ /h at 8 m depth	12 m
Rosslau Shipyard	beginning in 1957	IV/"Sassnitz"	400 m ³ /h at 8 m depth	12 m
Rosslau Shipyard	beginning in 1960	"Neva"-3	400 m ³ /h at 10 m depth	14 m
Peene Shipyard, Wolgast	beginning in 1974	"Georgiy Nalivayko"	750 m ³ /h at 12 m depth	24 m (with extended bucket-chain)
Shipyard "Neptun," Rostock	beginning in 1981	"Skadovsk"	750 m ³ /h at 12 m depth	24 m (with extended bucket-chain)

VEB Warnow Shipyard Warnemuende

The total output of the Warnow Shipyard is seven new construction objects, with a total of 107,754 GT (in the preceding year: seven ships with 107,220 GT), in the models "Passat," "Lo/Ro 18 I," and "Saturn," ship repair services amounting to more than 100 million marks, and consumer goods, especially 8,000 automobile trailers and furniture.

With a modified three-vessel series of the model "Lo/Ro 18 I," production of the multipurpose freighters with a tween deck for rolling cargo for the maritime fleet of the USSR was continued. Instead of the fully pivoted 125 t heavy cargo derrick, an EH 2 x 25-22 twin deck crane (load capacity 2 x 25 t) by VEB Klement-Gottwald-Werk, Schwerin, is used. The container parking area capacity was increased from 529 to 618 TEU [expansion unknown]. The previous 21 ships (ship model "Astrakhan," construction number 121, delivered on 31 December 1983, presented in SEEWIRTSCHAFT No 10, 1984) are joined beginning in 1990 by 10 more, significantly advanced new constructions, the "Lo/Ro 18 II" (see page 61 in this issue).

With the delivery of the full container ship "Walter Ulbricht" (construction number 184) to the VEB Deutfracht/Maritime Shipping, Rostock, on 18 May 1989, the four-vessel series of the "Saturn" model

(19,710 tdw, 1,164 TEU) was completed, and the technical innovations realized within the framework of the "Ship in Perspective" research cooperative were applied in practice.

Three other multipurpose container ships of the "Passat" model (18,030 tdw [tons dead weight], 932 TEU), operated by Western shippers under the Liberian flag, show that the production of this shipyard, a leading one even on the worldwide level, is in keeping with market conditions. This model of ship, designed for transporting containers, general freight, and bulk cargo, as well as industrial equipment, has two loading decks, double hatches, on-board cranes, can be modified according to customer specifications, and due to its universal applicability is in demand on the world market. This year, with construction number 282 and 280, the nine-vessel series will end and be replaced by the "Warnow CS 1200" container ship. Based on the major know-how of the Warnow Shipyard with respect to the construction of such models of ships, as well as worldwide marketing by Schiffssommerz, a license to build freighters was granted for the first time in July 1988. The license holder is the Turkish Shipbuilding Industry Inc., which laid down the first unit in 1989.

VEB Mathias-Thesen Shipyard, Wismar

On 20 October 1989, the Mathias-Thesen Shipyard delivered the "Kaunas" as the fifth ferry for railroad stock in the series and the third one for the Lithuanian shipping industry. In so doing, the internationally esteemed construction program, which was originally planned as a series of six, was ended. Because of changes in the types of goods and the decreased need for transportation, the DSR [German Maritime Shipping Line] cancelled the sixth ferry, which was to be its third.

According to the annual report, the turnover for 1990 in trade between the GDR and USSR is around 61 billion marks. Around 70 percent of the total exchange of goods between the two countries passes by sea, of which about 25 percent is by way of the ferry connection opened on 2 October 1986. The five identical-model, largest two-deck ferries in the world each have an annual transport capacity of 900,000 t, can load a maximum of 103 standard railroad cars (14.73 m in length) on 1,500 m of wide-gauge track (1,520 mm), and are dispatched at 12-hour cycles, or in eight hour cycles every other day (ship description in SEEWIRTSCHAFT No 2, 1987).

Two other "Kristall"-model refrigerated transport ships (9,351 tdw), including on 28 December 1989 the "Rizhskiy Bereg" (construction no. 242) as the 50th ship of this generation for the USSR and on the whole the 56th ship in the series, were delivered by the Wismar Shipyard to the refrigerated transport fleet of the Soviet high-seas fishing industry. As a connecting element between the home ports and the fishing fleets, which are active worldwide, these ships perform functions that are indispensable for the effective operation of a high-seas fishing industry. The leave port with fuel, packing material,

provisions, and equipment, transfer them on the open seas, and take on up to 1,000 t of fish products a day, refrigerated in cargo stores (13,300 m³ capacity) to as low as -30° C, as well as preserves, fish meal, and fish oil for the trip home. Depending on the deployment conditions, the annual transport output comes to around 65,000 t. For 1990, three more ships of this type are to be delivered.

The Dutch shipping firm C/O Joon Shipping and Trading B.V., Amsterdam, accepted, together with the "Waterstoker," "CMB Effort," and the "Waterdrager," three more UCC 14 universal container carriers. With a capacity of 14,165 t, the optimal combination of container ship and multipurpose freighter can stow 1,021 TEU. The eight-vessel series will be completed this year with the "Waterklerk" (construction number 181).

VEB National Shipyard, Stralsund

At the National Shipyard in Stralsund, which specializes in the construction of factory trawlers, nine factory trawlers in the "Atlantik 488" series were delivered in 1989. In this way, the shipyard and its 1,000 cooperative partners repeated the output of the previous year, despite modifications and cooperative relations that were not always stable. In this way, according to Lloyd's Register of Shipping, it again occupied the number one position in the building of fishing ships.

The home ports of the factory ships, with an overall length of 120.70 m and which process their own catch into canned goods on board, are: Murmansk (4), Tallinn (2), Klaipeda (1), Kaliningrad (1), and Kerch (1). A total construction time from laying down until the transfer of flags of on the average 150 days for this type of ship (ship description in SEEWIRTSCHAFT No 6, 1988) speaks for itself and attests to international level of the shipyard.

J. Pakeris, head of the Soviet construction authority at the National Shipyard, told us that the first ships of this model earned a profit for the fishery of one million rubles per fishing expedition. Each day that a factory trawler is in use brings 1,000 rubles for the operators.

VEB Elbe Shipyards, Boizenburg/Rosslau

The construction output for 1989 comprises seven new constructions with a total of 20,042 GT (previous year: 11 ships with 25,885 GT) in three basic models. As an inland shipyard especially affected by the low water level of the Elbe from May to November and with its production rhythm repeatedly disrupted by acts of God, the third inland passenger ship of the year, the "General Lavrinenko" (construction number 397) could not be delivered to the Ukrainian inland shipping company in Zaporozhe, as planned. With the "Leonid Krasin" (construction number 395), the Moscow inland shipping company accepted the 40th inland passenger ship of the series from model 301/302 on 31 March 1989. The model, described in detail in SEEWIRTSCHAFT No 2,

1984, features offers cabin passengers hotel-style comfort and leisure. With a total thus far of 120 inland passenger ships featuring a total of 38,000 seats, the GDR shipbuilding industry is the most important source for expanding the Soviet inland passenger ship fleet, after the CSSR, Hungary, and Austria. In the future as well, this line of products will be continued with the delivery of three large inland passenger ships each year, according to agreements in the shipbuilding agreement with the USSR. As a modified structural design that can be effectively used as a hotel outside the navigation period, model 302 M+H concludes this year with the "Gleb Krzhizhanovskiy" (construction number 301).

With the delivery of the "Tavriya 7" container inland motor-coaster [CBK] (construction number 352) to the inland shipping company in Zaporozhe, the Elbe Shipyards on 10 May 1989 concluded its CBK production, which was a key element of its image for 10 years. Since 1977, based on the special conditions applicable to the USSR inland fleet, the Elbe Shipyards, Boizenburg/Rosslau, have produced container-oriented, ice-reinforced inland freighters of a completely new model of ship that can also be used in coastal travel and in river mouths. The 71-unit series comprises 22 ships of the model CBK 1600 t (from 1977 to 1980), nine refrigerated container ships of the model KBK (beginning in 1983), and 40 of the model CBK 1700 t. The twin-deck ships of the CBK 100 model and KBK are used predominantly on Siberian rivers—the Ob, Irtysh, Yenesei, and Lena—their mouths, and in numerous tributaries for a wide range of transports, and are of enormous importance to the national economy, since shipping is to this day the main means of transportation there. They transport all sorts of food, construction materials, equipment for petroleum and natural gas lines, industrial goods, and serve as trailblazers in regions rich in natural resources. Special reinforcement in the hull and an efficient separation of the living quarters from the hold make it possible to travel in broken ice and to winter, since the navigation period extends only from May until around the end of September. The CBK 1700 is used predominantly in the European part of the USSR.

In 1990, the shipyard will deliver the first objects of the follow-up model, the SKS 350, as a shallower-draft, special refrigerated ship, which can load 350 t at a 1.80 m immersion depth.

Three modified container inland coast ships, with a capacity expanded to 2,085 t, were accepted by Medi Shipping MV, a shipping company operating under the Maltese flag. The home port of the "Sun Beam," "Sun Shine," and "Sun Ward" is Valetta. Thus, Malta is a new customer for the shipyard, and thus the 45th for the GDR shipbuilding industry.

VEB Yacht Shipyard, Berlin

With the delivery of the first two anchor tug boats, the "Zander" (25 May 1989) and the "Kormoran" (12 December 1989) by the Yacht Shipyard in Berlin, the

GDR shipbuilding industry resumed production of this type of ship after 19 years. Of this product, at one time typical of GDR shipyards, 250 vessels were built as seagoing, anchor, and inland tugs, with motor capacities of 800, 660, 532, 394, 294, and 220 kW.

The model of ship, with an overall length of approximately 30 m and a width of 8.50 m, intended for towing, fire-fighting and rescue activities, exceeds the limits of the technical possibilities of the shipyard, and is thus completed at a final building site in Stralsund.

Within the framework of agreements between the AHB Schiffskommerz and the AHB Martimex/CSSR, the Yacht Shipyard in Berlin on 1 November 1989 delivered the first of 11 103 kW push boats to be built by 1993 to the CSSR client, Povodilvavy Praha. The 103 kW series, which has been in the shipyard's production program since the early 1980's, serves to meet the needs of various domestic customers with a variety of applications. Thus far, 64 ships have been put into service. The

103 kW push boat is used primarily as a tow while establishing pusher trains and as the driving vessel for standard push lighters in the GDR inland shipping industry for short-distance transport. The area of application is sailing zone V according to the classification by DSRK [German Shipping Inspection and Classification]. Because of its high degree of maneuverability, the installed Z drive, its technical data (overall length = 10.90 m; width = 5.10 m; depth = 1.50 m; max. height with extended wheel house = 5.10 m over construction waterline; engine power = 103 kW (140 HP); $v = \max. 4.2$ to 7.1 km/h), and a height of profile at the waterline of 3.55 m in the lowered position of the control house, the push boat offers many potential applications in the area of the transport fleet of the inland shipping industry, and well as waterway maintenance and preservation enterprises. Because of the heavy demand among domestic and foreign customers, there are plans for the 103 kW series of push boat in the shipyard's future construction program as well.

Ship Deliveries by the GDR Shipbuilding Industry in 1989

Date of delivery	Construction number	Ship's name	Ship Type	Flag state	Tonnage in GT (capacity in t)	Length in m	Width in m	Depth in m	Engine	velocity in knots	Description in SEE-WIRTSCHAFT
									Model kW		

VEB Warnow Shipyard, Warnemuende

2/2/1989	286	Bel-lavia	Passat	Liberia	13,903 (18,030)	152.40	23.05	10.06	5 RTA 58	7,350	15.6	11/1988
23/3/1989	287	Octavia	Passat	Liberia	13,903 (18,030)	see "Bella-via"						
18/5/1989	184	Walter Ulbricht	Saturn	GDR	18,353 (19,710)	163.85	25.40	10.42	K 8 SZ 70/125 BL	12,160	17.7	2/1988
1/7/1989	141	Kolomna	Lo/Ro I	USSR	15,903 (17,930)	161.0	23.05	10.02	K 5 SZ 70/125 BL		16.8	10/1984
25/8/1989	142	Lukho-vitsy	Lo/Ro I	USSR	15,903 (17,930)	see "Kolomna"						
27/10/1989	143	Murom	Lo/Ro I	USSR	15,903 (17,930)	see "Kolomna"						
15/12/1989	283	Beate Olden-dorff	Passat	Liberia	13,886 (18,235)	see "Bella-via"						

Total: 7 new constructions with 107,754 GT and 127,795 tdw combined

VEB Mathias-Thesen Shipyard, Wismar

30/3/1989	174	Water-stoker	UCC-14	Nether-lands	11,977 (14,165)	145.33	22.86	8.62	5 RTA 58	7,950	17.0	2/1989
19/5/1989	241	Kildin-skiy Proliv	KTS	USSR	12,410 (9,351)	152.94	22.20	7.98	K 5 SZ 70/125 BL	7,600	17.4	7/1985
30/06/1989	175	CMB Effort	UCC-14	Nether-lands Antilles	11,977 (14,165)	see "Water-stoker"						

20/10/ 1989	325	Kaunas	EGF	USSR	21,800 (11,900)	173.00	26.00	7.18	4x6 VDS 48/42 AL-2	10,600	16.5	2/1987
16/11/ 1989	176	Water- drager	UCC- 14	Neiher- lands Antilles	11,977 (14,165)	see "Waterstoker"						
28/12/ 1989	242	Rizhskiy Bereg	KTS	USSR	12,410 (9,351)	see "Kil- dinskiy Proliv"						

Total: 6 new constructions with 82,551 GT and 73,097 tdw combined

VEB Shipyard "Neptun," Rostock

28/2/ 1989	143	KIL 143	Salvage ship	USSR	4,400 (1,000)	97.8	18.2	3.7	2 electr. prop. motors 5x8 VDS 2 1/20 AL-2		13.7	
28/4/ 1989	114	Karanay	Dredger	USSR	2,081 (583)	80.2	14.4	3.75	8 NVD 48 A-2 6 NVD 48 A-2	970, 735	9.0	2/1985
30/6/ 1989	144	KIL 158	Salvage ship	USSR	4,400 (1,000)	see "KIL 148"						
31/8/ 1989	115	Okhotsk	Dredger	USSR	2,081 (583)	see "Karanay"						
20/10/ 1989	145	KIL 164	Salvage ship	USSR	4,400 (1,000)	see "KIL 148"						
22/12/ 1989	116	Dvin- skiy Zaliv	Dredger	USSR	2,081 (583)	see "Karanay"						

Total: 6 new constructions with 19,443 GT and 4,749 tdw combined

VEB National Shipyard, Stralsund[*]

16/3/ 1989	812	Admiral Starikov	Factory trawler	USSR	7765 (3372)	107.00	19.00	6.40	2x6 VDS 48/42 AL-2	5,300	15	6/1988
28/4/ 1989	813	Karolis Pozhela										
31/5/ 1989	814	Maksim Sta- rostin										
30/6/ 1989	815	Georg Kask										
9/8/ 1989	816	Zakhar Sarokin										
14/9/ 1989	817	Georg Lurikh										
19/10/ 1989	818	Fedor Korobkov										
12/12/ 1989	819	Pavel Kuta- khov										
29/12/ 1989	820	Lira										

Total: 9 new constructions with 69,885 GT and 30,348 tdw combined

[* Editors note: ship type, flag state, technical data pertain to all ships in this section]

VEB Elbe Shipyards Boizenburg/Rostock

20/3/ 1989	350	Tavriya 6	CBK	USSR	1,408 (1,706)	78.10	11.60	3.40	2x8 VDS 37/24	2x441	21.0 km/h	
31/3/ 1989	395	Leonid Krasin	Bifa	USSR	5,343 (480)	122.43	16.00	2.90	3xG 70-5	3x736	25.5 km/h	2/1984
10/5/ 1989	351	Tavriya 7	CBK 1700	USSR	1,408 (1,706)	see "Tavriya 6"						
28// 1989	396	Nikolay Bau- mann	Bifa	USSR	5,343 (480)	see "Leonid Krasin"						
3/11/ 1989	352	Sun Beam	CBK	Malta	2,180 (2,085)	78.65	11.60	3.81	2x8 VDS 36/24	882		
24/11/ 1989	353	Sun Shine	CBK	Malta	2,180 (2,085)	see "Sun Beam"						
27/12/ 1989	354	Sun Ward	CBK	Malta	2,180 (2,085)	see "Sun Beam"						

Total: 7 new constructions with 20,042 GT and 10,627 tdw combined

VEB Yacht Shipyard, Berlin

25/5/ 1989	01	Zander	Tug boat	GDR	205	27.50	8.50	2.50	6 VD 26/20 AL-1	530		
12/12/ 1989	02	Kor- moran	Tug boat	GDR	205	see "Zander"						

Total: 2 new constructions with 410 GT combined

Photo Captions [photos not reproduced]

Figure 1. "Stadt Wismar"—another inland passenger ship with 179 seats bought by AHB Schiffskommerz from the USSR—immediately after delivery (photo: R. Kramer).

Figure 2. Converted to surveying ("Nautilus" and "Baltic") or diver ships ("Triton" and "Poseidon"), a change in generation was initiated in the Technical Fleet with small Soviet trawlers imported by AHB Schiffskommerz. The diving cutter "Pluto" was retired after more than 30 years of service (photo: R. Kramer).

Figure 3. After the signing of the agreement on the construction of dredger barges on 28 November 1989 at the Shipyard "Neptun" in Rostock, J. Begemann, general director of the Shipbuilding Combine, hands over the documents to W. Soyk, director of the Dredging, Towing, and Salvage Shipping Company, Rostock (photo: G. Baer).

Figure 4. Based on the long-term cooperative program between the GDR and USSR in science, technology, and production, the second shipbuilding consultation on planning coordination for 1991 to 1995 was held from 25 to 29 September 1989 in Rostock. The Soviet delegation was led by Minister for Shipbuilding Industry Y.V. Koksanov. On 25 September, the minister (on the left in

the photo) visited the National Shipyard in Stralsund and was shown the fishing ship construction center by shipyard director H. Loewe.

Figure 5. Seagoing bucket-conveyer dredger "Dvinskiy Zaliv," the 17th ship in a series, with a conveyer capacity of 750 m³/h at a 12 m dredging depth (photo: J. Kriebel).

Figure 6. Generations of the 50 seafaring bucket-conveyer dredgers (see also Table 5). (Graphic by W. Kramer).

Figure 7. Kil-926 salvage ship for the USSR (photo: G. Baer).

Figure 8. The 264 ship sections produced at the Neptun shipyard were transported to the National Shipyard in Stralsund with DSR motor-coasters (photo: R. Kramer).

Figures 9 a, b. The "Murom" (construction number 143), a multipurpose freighter of the Lo/Ro 18 I series (15,903 GT/17,930 tdw). The twin cranes (once 2 x 25 t and twice 2 x 12.5 t) were supplied by VEB Klement-Gottwald-Werk in Schwerin (photos: A. Prehn/D. Seemann).

Figure 10. "Walter Ulbricht" full container ship (photo: A. Prehn).

Figures 11 a, b. Multipurpose container ships "Octavia" (construction number 287) and "Beate Oldendorff" (construction number 283), both "Passat"-models (photos: D. Seemann/R. Gierke).

Figure 12. "Kaunas" railroad stock ferry, by Mathias-Thesen Shipyard (photo: H. Volster).

Figure 13. "Rizhskiy Bereg" refrigerated transport ship, Kristall II-model (photo: H. Volster).

Figure 14. "CMB Effort" (construction number 175)—a universal container carrier, UCC 14-model, for the Dutch shipping company C/O Joon Shipping and Trading B.V., Amsterdam (photo: H. Volster).

Figure 15. National Shipyard, Stralsund—center of the fishing shipbuilding industry in the GDR (photo: D. Seemann).

Figures 16 a, b. Factory trawlers "Georg Kask" (construction number 815, Tallinn) and "Zakhar Sarokin" (construction number 816, Murmansk) (photos: R. Kramer).

Figures 17 a, b. Fish processing area (photos: D. Krull).

Figure 18. Inland passenger ship being fitted at the Elbe Shipyards, Boizenburg/Rosslau (photo: D. Seemann).

Figure 19. 40th inland passenger ship in the series of model 301/302 (photo: D. Seemann).

Figure 20. Inland passenger ships from the GDR in the Volga port of Kazan.

Figure 21. Launch of "Nikolay Baumann" (construction number 396) (photo: D. Seemann).

Figure 22. Container inland motor-coaster "Tavriya 7" (photo: R. Kramer).

Figure 23. Container-oriented and ice-reinforced inland freighters from the Elbe Shipyards Boizenburg/Rosslau in use (photo: author's files).

Figure 24. The first of six ships in the new SKS 350 series was launched on 9 August 1989 at the Rosslau Shipyard. The "Rostock," a shallower-draft, special refrigerated ship measuring 82 m in length was designed especially for inland waterways in the USSR (including river mouths) and will be delivered to the Soviet customer in March 1990 (photo: D. Seemann).

Figure 25. The 45th inland passenger ship of the series was christened on 9 September 1989 by Helga Rossteutscher, long-time secretary at the Elbe Shipyard and in the Shipbuilding Combine, as the "Maksim Litvinov." Next to her is shipyard director Helmut Krause (photo: K. Steindorf-Sabath).

Figure 26. "Zander" tug boat (photo: R. Kramer).

Figure 27. Vessel; from the 103 kW push boat series.

Investment Opportunities for Western Firms Detailed

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[Article by Rainer Burkhardt: "Early Arrivals Will Win the Race—Opportunities for Cooperation"]

[Text] Worried by chaotic changes in GDR's economy, many West German entrepreneurs are withholding their cooperation for the time being. They run the risk of being left behind in the race for the best deals by those who advance resolutely to fill the vacuum.

Bernd Sonntag remembers the so-called vicissitudes of life only too well since they really got under his skin. As a child he was denounced as a "capitalist" only because his grandfather had formed a small garment factory of which he was dispossessed after the war. Last November he had to suffer the indignity of being called a "Red pig" because, as manager of the state-owned Plauen factory for women's apparel, he—as everybody else who supervised more than 500 employees—was wearing the SED [Socialist Unity Party of Germany] party emblem on his lapel.

But by January he had already experienced what for him was "a moving experience," when he received spontaneous applause at two large staff meetings for openly divulging "where we stood, where we had to go, and my idea how to get there."

At the end of March the GDR's fashion combines were dissolved and the state-owned garment factories, which had belonged to them, lost their official export monopoly; they were granted their entrepreneurial freedom but they were also forced to face the risks of competition. Sonntag now has to find a way to manage the business by himself.

But the head of a company with roughly 2,000 employees, dispersed over 15 production sites at five different locations, was not afraid of market economy. On the contrary, since January he has been going over the books with his branch managers and shop supervisors, double checking his calculations—according to familiar GDR methods but also according to the new West German model. A program has been initiated to reduce costs "without having to sack anybody"; plans for a flexible management structure, to take effect at the beginning of April, have been drafted; a product marketing strategy is clearly defined and Sonntag is negotiating with potential partners who are supposed to help him realize his goals.

Many West German managers appear to feel rather uncomfortable about the renunciation of the old-style bureaucratic command structure for state-owned combines and enterprises.

"Negotiations are tougher than they were before 9 November 1989," complains, for example, Guenter Schmitt, manager of the semiconductor department of

the ITT-subsidary Intermetall in Freiburg. The reason? "One can't find anybody over there who can and wants to make decisions." That is true at least for Erich Honecker's and Guenter Mittag's former pet project, the micro-electronic combine, whose top management is now painfully aware of the work force's rage over SED machinations. Schmitt nostalgically remembers the time when no (hard-currency) expense was shunned for acquiring the know-how and equipment to placate socialist microchip ambitions.

Overestimated Risks

A topsy-turvy world—Whereas more and more state-enterprise managers in the GDR prepare for market economy and busily test their entrepreneurial skills; whereas in the GDR more and more creators of a new foundation battle the bureaucracy and other adversities, many of their Western role models feel uneasy about the equally turbulent and anarchical changes and hold back with their German-German commitments while waiting for the outcome of the elections to the People's Chamber and for developments regarding the heralded monetary and economic union.

Dr. Willi Schoppen, who is exploring the new market from the Berlin office of the multinational consulting firm of McKinsey & Company, noted: "There is now a tendency to stress risks rather than opportunities."

However, procrastinators run the danger of being too late and missing the most attractive deals. Their determined competitors—not least the Japanese, according to Schoppen—are utilizing the transition time to prepare their cooperative projects thoroughly, and they are creatively utilizing the available planning time to their best advantage.

Among the pioneers, who—undeterred by initial difficulties and political turmoil—have already set their course before 18 March, are companies in such innovative industrial branches as electrical and mechanical engineering and also in the service sector:

- Thus, the AEG Westinghouse Transport-Systeme GmbH in Berlin wants to build electric street cars in a joint venture with the state-owned "Hans Beimler" plant of the Locomotive and Electro-Technology Combine in Hennigsdorf; the Osram GmbH in Munich, a subsidiary of Siemens, even wants to acquire a majority interest in GDR's state-owned Narva combine which has the electric lightbulb monopoly.
- The developer SMS Schloemann-Siemag AG, a member of the MAN syndicate, and the state-owned Ernst Thaelmann Heavy Machinery Combine in Magdeburg jointly want to bid on, finance, and enact metallurgical contracts and also cooperate in development. The Kloeckner-Humboldt-Deutz AG and the state-owned Dessau Concrete Construction enterprise of the Ernst Thaelmann Heavy-Machinery Combine are trying to conclude a similar basic agreement to establish "close ties" in this area.

- The huge West German shipping agency Schenker & Co and GDR's Primus Deutrans want to conclude a logistic merger. Lufthansa and GDR's airline Interflug are already poised jointly to form "Interhansa."

Even a few plucky capitalist entrepreneurs have neither allowed themselves to be deterred by GDR's 49-percent-maximum-participation hurdle nor by GDR's bargain-sale doomsayers—as, for instance, the Bavarian compact-disc challenger Reiner Pilz, who is not afraid of making a compact-disc deal with Robotron, the powerful office technology and electronics combine, even though he only holds a 33-percent interest in the venture.

The early West German starters in the commercial race for partners are primarily tempted by two things:

- The country between the Elbe and Oder Rivers has a huge pent-up demand for certain consumer items and services, in the area of office automation, modern industrial equipment and infrastructure investments, which far outstrips the capacity of GDR's economy;
- the opportunity to expand their East European business vigorously by forming an alliance with GDR firms which are well versed in Eastern market conditions.

Demand for Environmental Technology

Past sins against environment and infrastructure created a huge potential for growth in these areas; this "weakness can turn into strength and offer an opportunity to build entire industries," dreams Schoppen, the McKinsey consultant. Schoppen's thoughts are not restricted to capitalist repair companies, which would clean up socialist slop and sewers and also correct old—possibly jointly committed—misdeeds, and to companies—such as the Lurgi engineering firm, for instance—which are now rushing into the GDR to offer their cooperation. Schoppen is also visualizing new heating technologies, such as smaller, more efficient gas furnaces and energy-saving construction technologies. Innovative approaches are called for and with them the charm of a new beginning will beckon once again as it did after the war; and in five to 10 years "today's GDR could become the world leader in environment-saving technology."

Another promising field for German-German entrepreneurial efforts can be found in the construction industry, in projects ranging from roads, to industrial installations, and to the renovation of prewar buildings. Production capacities are inadequate everywhere. There is no shortage of labor but of usable equipment. Professor Dr. Frieder Sieber, managing director of the Fritz Heckert Civil Engineering and Excavation Combine, for example, must cope with a failure rate of roughly 80 percent in the course of a year, even though maintenance consumes almost 10 percent of the turnover. After modernization of equipment hidden production capacities will emerge.

Sieber is therefore looking for permanent partners for his 6,000-man-strong enterprise among medium-sized construction firms in Bavaria. He is also hoping for project-related collaboration in partnerships for such ventures as the current Hof-Plauen autobahn construction for which the combine is the prime contractor. Sieber is well aware of the fact that he needs not only equipment and hard currency but also a great deal of management know-how. That is why he has made contact with such respected engineering firms as, for instance, Dorsch Consult in Munich.

However, reports of hopelessly obsolete equipment and deteriorated buildings—and pictures of vast hordes of GDR residents invading Western department stores after the border opened—could also lead the uninformed “to dangerous misconceptions,” warned business consultant Schoppen. “Any manufacturer of consumer product, who thinks that the GDR is a developing country in which he can dump all his scrap, will fall flat on his face.”

In contrast to West German households, refrigerators, for instance, are often available in duplicate—one for the apartment, the other for the “Dacha,” the summer and weekend cottage (leasing the site costs about M 100.00 per year).

There was more than enough money to make the purchase, only patience was required. “The level of basic furnishings is consequently relatively high,” informs Schoppen. Without differentiated marketing efforts, projects will fail in the long run.

There are good chances for sales, for instance, in reasonably-priced, better-quality lifestyle products such as fashionable apparel. Until now consumers could only choose between a relatively simple mass-produced line without flair and stylish clothes that were as scarce as they were expensive.

Adolf Rau, a textile manufacturer in Hof, has already put the idea to the test—successfully.

He first had the idea to get rid of his winter line of women's fashions (trademark “Secendo”) by selling it in the GDR. With the help of an acquaintance he made contact with Guenter Ihle, manager of the kreis organization of the state-owned “HO” retail chain in the neighboring town of Oelsnitz. Ihle was immediately enthusiastic about the idea to convert 25 HO “Exquisit” stores in Kreis Oelsnitz to the sale of the Secendo line. The bezirk management of the state retail organization in Karl-Marx-Stadt also gave the green light.

One week later the contract was approved and signed by the responsible authorities in East Berlin and the Federal Republic. No more than four weeks had elapsed from conception of the idea to the opening of the first “Secendo” shop—which was almost sold out by evening.

Most of the money for Rau's shipments is deposited in East marks at the Oelsnitz Kreis Savings Bank. Rau is

splitting the profit margin 50-50 with HO and reinvesting his East German money profitably. Part of Rau's collection is now being made to his full satisfaction—instead of in Hungary and the Far East—by GDR enterprises, including Bernd Sonntag's state-owned women's apparel firm in Plauen.

Risky Strategy of Cheap Wages

For Sonntag, the agile state manager, Rau's clever trade across the border is, naturally, only a drop in the bucket. Therefore, he is also negotiating, among others, with a large Italian manufacturer of proprietary articles about licensed production and about establishing a large GDR distributorship. His southern partner is supposed to provide the quality materials, which the always—expensively-dressed Sonntag is still unable to obtain from GDR textile mills. However, technically he feels quite competitive.

Sonntag clearly recognized the following: The alternative approach of offering cheaply produced standard goods at Far-Eastern prices may be tempting considering the current low wage and exchange levels but would lead to a dead end in the long run, particularly after the planned economic and monetary union accelerates the adjustment to the level of the Federal Republic.

Even West German managers who understand the GDR, such as Karl Hertel—member of the board of the Hertel AG in Fuerth—see only a limited wage-cost advantage, for instance, in the machine-building industry where Hertel is negotiating a production order with a GDR firm. What is decisive for him, however, is the fact that “over there labor, and particularly good workers, is still available.” In a joint project to produce hard-metal tools, the wage argument is, in any case, irrelevant because of extensive automation; only the potential demand matters, not only in the GDR but in all of East Europe.

Ticket to the CEMA Market

Because in this emerging market several GDR enterprises have gained “a tremendous know-how advantage” by decades of experience, especially in the capital goods and basic materials industry, as McKinsey executive Schoppen bluntly and admiringly concedes. This know-how starts with managers and professionals, who are familiar with the language, people and customs, and extends to experienced distribution and service organizations.

An admission ticket to the Eastern market is, consequently, one of the strongest trump cards that the Robotron combine can play to capture Western partners for modernization and innovation. Managing Director Friedrich Wokurka and his staff are simultaneously negotiating with more than 300 interested parties from all over the world about cooperation in production, development and distribution.

Graduate Engineer Helmut Auge, manager of Robotron's state-owned Ernst Thaelmann office-machine plant in Soemmerda near Erfurt, hopes that this advantage will enable him to get out of a typical dilemma: On the one hand the largest manufacturer of printers and personal computers cannot come close to meeting the demand of CEMA countries and sells particularly well in the Soviet Union; on the other hand, problems related to full utilization of capacity may arise if Auge, in order to remain internationally competitive, reduces manufacturing depth and stops producing the consumer goods previously ordered by the state. Auge, therefore, pursues a threefold strategy:

- With the help of competent partners from the West he wants to overcome the technology gap for printers and personal computers and also increase and diversify production. His goal is "to emphasize final assembly," to utilize capabilities for precision-engineering and development. He has a special bait for interested Japanese partners: In an, at least economically, united Germany the "local content" requirements of the EC can be satisfied by a Soemmerda location in the middle of Europe.
- Auge wants to utilize labor released by consumer-goods and raw materials processing operations to establish the firm as a manufacturer of precision equipment, for instance, in the environmental protection, automotive or packaging industries.
- Auge wants to privatize those auxiliary operations which provided him with certain items in the planned economy era. He is, for instance, thinking of the "efficient carpentry shop which can install restaurant and retail equipment" or of the transport park; he is also willing to consider the participation of West German capitalist businessmen.

Robotron is a good example for unexpected and promising chances which the restructuring or dissolution of combines can create for West German businesses in other industrial branches—if they manage to find them. "Unfortunately," criticizes Consultant Schoppen, "the combines often have an inadequate information dissemination policy."

Many a businessman in pursuit of cooperation also makes the mistake in these turbulent times of taking the formerly reliable approach to deal with GDR's ministerial export offices, even though in trade the initiative has also shifted to lower levels. Juergen M. Wilms, Schoppen's colleague in McKinsey's Berlin office, can therefore only advise "to seek direct contacts with combines and enterprises."

In this area the managers of enterprises—aside from large-scale projects on the combine level—increasingly play the key role.

This applies not only to areas in which combines are being dissolved—in the consumer goods industry, for instance—where managers, such as clothing-manufacturer Bernd Sonntag, will have to fend for

themselves, but it also applies to combines which have chosen to continue as one entity. "I will take such liberties as I consider sensible," announced Dr. Hans Fischer, manager of Robotron's state owned Otto Schoen plant for electronic measuring devices in Dresden, "or I would have to reckon with my staff." Intelligent general managers, such as Wokurka, let managers in the forefront do their thing.

But this raises the question of who has the authority to sign a contract. "In principle both, because by law the combines as well as state owned enterprises are independent entities," that is the opinion of Attorney Dr. Wilfried Kuegel, an expert on Eastern joint ventures in the Stuttgart law office of Thuemmel, Schuetze & Partners. "In case of doubt," he adds, "it is best to ask both to sign."

However, some agreements made before the changes can be tricky. Thus, in September 1989 the Salamander AG still extended its agreement with the responsible export organization of Interpelz; this agreement gave the state owned shoe combine in Leipzig the right to produce—as it has since 1976—5 million pairs of shoes with the "Salamander" trademark annually.

Legal Tricks

Although a 35-page opus details how the GDR producer selects the models of the Salamander collection, what support the Swabian wholesale shoemaker has to provide, and how quality control has to be implemented, the contract does not contain a successor clause. Now the individual state-owned enterprises want to go their own way; without, however, clarifying how license rights should be divided among themselves. Therefore, Dr. Gerhard Wakker, spokesman for the Salamander board of directors, will just have to renegotiate, even if, as he believes, the GDR shoe factories will remain loyal to him.

Aside from such problems, the legal problems of a German-German entrepreneurial liaison are often overestimated. Imaginative lawyers know what to do, frequently with amazingly simple and well-tested methods. The occasionally heated debate about the GDR's limits on foreign capital participations, consequently, does not worry a professional such as Certified Public Accountant Friedhelm Rentrop: "All you need is a clause in the corporate agreement or in the articles of association that significant decisions must be made by majority vote or unanimously." This approach was used, for instance, by the Hertel AG in its joint production venture in the Soviet Union in which, for the time being, it only holds a 10-percent interest "to minimize risk."

Gaps in the GDR's Joint Venture Law are also no reason for concern to Attorney Kluegel. Experience in other countries with socialist economies has taught him "to exploit aggressively the leeway in contractual agreements and to include at first everything that is favorable as long as no firm approval procedures have been established."

Problems With Greedy Appraisals

A basic problem remains, now as before, with the evaluation of assets contributed by the Eastern partner, especially with regard to usufructuary rights, which are akin to real estate property rights. The Joint Venture Law prescribes that real properties be capitalized at market value. But what should be done when there is no real market? How does one balance, for instance, properties with a square meter price of 0.26 (East) marks in Soemmerda against Western equipment listed in Deutsche mark?

The simplest solution is to avoid the problem and merely to form a joint operating company which then leases the buildings and grounds from the partner. However, licensing authorities could raise some objections to this approach because of the wording of the preamble to the Joint Venture Law. Therefore, Attorney Kluegel suggests the alternative of using the approximate West German market values, "because these values will presumably become equalized in any case."

Similar to a risk capital commitment, the decisive question, according to Consultant Schoppen, is generally not "what is the enterprise worth today?" But "why is it worth more to me today than its book value?"

In the last analysis the problem revolves around the *raison d'être* of any alliance: Whether it is more profitable for both sides than to do operate alone?

This calls for a thorough, honestly critical analysis. What is the *modus operandi* of each potential partner? Are they compatible? What can the desired cooperation contribute? What are the strengths and the weaknesses of the respective partners? What type of cooperation is best suited for the project?

The project does not always have to take the most demanding form of a joint corporation (immediately), contractual solutions—such as a combination of leasing, licensing, and joint production contracts or agreements about mutual deliveries—will often suffice. Professor Dr. Wolf D. Hartmann of the East Berlin School of Economics has expressed it vividly: "One doesn't have to get married immediately if one wants to go to bed with someone. Isn't it better to get to know one another first?"

That is the opinion of such seriously engaged couples as AEG Westinghouse Transport-Systeme and the state owned Hans Beimler plant of the Locomotive Construction and Electro-Technology combine.

For that reason, the two companies, which want to create a joint venture to produce streetcars for local traffic, have organized five joint working groups: for the product and production structure; for industrial planning; for organization, logistics, and operations; for the corporate structure and for implementing immediate steps. In this way, they are making sensible use of their time before the still missing marriage papers (read: legal prerequisites) arrive.

However, those who delay their courtship too long, will be punished as in life. Consultant Schoppen, upon request, provided a client with the names of three suitable and available GDR firms, pointed out the one that seemed most attractive to him and warned: "Don't let go of it."

But the suitor procrastinated while evaluating the candidates from afar. He called again three months later to say that he had decided on the most beautiful bride and that the other two were out of the question.

However, the consultant had to disappoint him: His dream wife was recently betrothed.

East, West Zeiss Optical Plan Collaboration

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No 13, 23 Mar 90 p 33

[Article by Nikolaus Piper: "One Plus One Equals Three"]

[Text] For quite some time, a good many people in the FRG have had doubts about the reunification efforts of the people in the GDR. And some of the doubters live in the Swabian mountains, more precisely: in Oberkochen's Carl-Zeiss-Street. The small Wuerttemberg town between the villages of Aalen and Heidenheim is the headquarter of the Carl Zeiss Works, one of the FRG's most prominent manufacturers of optical products. Last year, the company's sales of high tech microscopes, precision instruments, astronomic instruments, telescopes, and eyeglass lenses came to about DM 1.3 billion, with 10 percent of all sales being spent on research and development.

The fact that the revolution in the GDR has very worrisome aspects for the 8,200 Zeiss employees is entirely rooted in the company's unusual history. Primarily two factors distinguish the Oberkochen plant from other factories: it is owned neither by an individual entrepreneur nor by a corporation, but by the nonprofit Carl Zeiss Foundation at Heidenheim (the Schott Glass Works in Mainz are also part of the foundation). In addition, the firm has a sister company in the GDR that bears an almost identical name. Not only is the state-owned Carl Zeiss VEB [state enterprise] in Jena, with its 60,000 workers, much larger than its counterpart in the FRG, but both the Jena and the Oberkochen plant claim to be the "real" Carl Zeiss enterprise.

And this, at least since 9 November 1989, is the problem. While on the one hand, Germany's partition was the reason for there being two Zeiss plants, it also ensured in the past that Zeiss-East and Zeiss-West did not step too much on each other's toes. But the quiet times of socialist-capitalist coexistence came to an abrupt end with the opening of the Berlin Wall. On 2 and 3 February, the formerly unthinkable occurred: Oberkochen's Board Chairman Horst Skoludek took a trip to Jena in order to hold talks with Klaus-Dietrich Gattnar, director

general of the VEB, about future cooperation. Afterwards, they said that "we must get to know each other and see in which forms of common efforts we will be able to collaborate."

Progressive Statute

Since then, experts on both sides are clarifying the issues in secret negotiations. Everything is at stake: nothing less than the reunification of the two firms is on the agenda; and—unlike what is happening in other intra-German matters—it is quite possible that East Zeiss will play a powerful, demanding role here.

At any rate, at last week's Leipzig Spring Fair, the management of the VEB combine presented its views on the subject in such an offensive way that, in Oberkochen, Horst Skolukek saw the need to assuage the fears of his fellow workers by distributing a special issue of the company magazine ZEISS IM BILD. He assured them that, notwithstanding the press reports on the Zeiss-Zeiss issue, there "is no reason for concern. We will and must not jeopardize the jobs, equity capital and pension funds we have built in the West over the past 40 years." But why is there reason to suspect that they might be in danger?

The story started in Jena in the night of 18 June 1945. At that time, a convoy of U.S. Army trucks left the small town in Thuringia province in a western direction. The trucks were not carrying troops, but exactly 127 German scientists, the brains of the already-then world-famous Jena Glass Works. Although the Americans had occupied the city, they were forced to withdraw from Thuringia after the entire province was ceded to the USSR occupation zone. And since they did not want to leave the—also militarily useful—know-how to the Soviets, they decided without further ado to move the Zeiss development department to their own occupation zone. Production at Oberkochen started as early as 1946; and in 1949, Heidenheim became the headquarter of the Zeiss Foundation. The foundation continued the progressive statute of its predecessor in Jena, including its commitment "to meet, for the long term, specific social obligations vis-a-vis all fellow workers." In practice, this led to a company pension system that is still considered a model. On the foundation's balance sheet, today's pension funds are three times larger than its stock capital.

While Oberkochen contributed with its work to the West German economic miracle, matters in Jena took the socialist course: as early as 1948, the Soviet Military Government expropriated the Carl Zeiss Foundation and declared it state property. Later on, when the SED imposed a centralist command structure on the GDR, the state-owned Carl Zeiss VEB in Jena became the center of a huge high tech combine, the second largest in the GDR. These were the times when the ambitious Director General Wolfgang Biermann in Jena sought to teach "the capitalist long distance race with the pommel of the whip," as Wolf Biermann, the song writer and

director's namesake joked. In 1988, the GDR completed its first one-megabit chip, which was an extraordinary technical accomplishment, but an economic disaster: the chip production gobbled up 14 billion East marks, tied up much capital and hence contributed to the demise of the GDR.

Meanwhile, both East Zeiss and West Zeiss considered themselves the legitimate heir of company founder Carl Zeiss. And both referred to the progressive statute physicist Ernst Abbe had given the foundation in 1889. On the one hand, the statute always speaks of production in Jena—and not in Heidenheim, of course—and in that sense the VEB is right. On the other hand, however, in the GDR the foundation was expropriated, thus making the statute meaningless. That speaks in favor of the position West Zeiss is taking.

In the past, both sides spent a lot of money on lawyers who were supposed to clarify who of the two would be permitted to use the Carl Zeiss trademark. Finally, they did what the Bonn and the East Berlin governments had done with respect to the nationality issue: they agreed to disagree. In most Western countries, the Oberkochen company became known as "Zeiss West Germany," and the Jenaers had to content themselves with the "Jenoptik" trademark. In the East bloc, Carl Zeiss-Jena had precedence: the West Germans had to market their products under the name of "Opton." Elsewhere, such as in Switzerland, both companies use the Zeiss trademark.

Jumble of Open Questions

However, now the Wall is gone and everything looks quite different. Former Director General Wolfgang Biermann has taken refuge with the class enemy in the FRG. In Jena, he is being accused of squandering 280,000 East marks as gifts and of being guilty of "disloyalty to the detriment of socialist property." His successor Gattnar has taken a revolutionary step: he has urged the GDR Government to return Carl Zeiss Jena VEB and the Jena Glass Works VEB to the formally still-existing Carl Zeiss Foundation in the GDR.

Thus, the main argument of the Oberkocheners could become meaningless very quickly, and the people in Jena believe that they are in a good position, "A decision must be made," declared Gattnar's deputy Klaus Muetze self-assuredly at the Leipzig Trade Fair. In his view the Zeiss foundation in Jena is anything but fiction: the VEB has paid a total of 750 million East marks to the foundation which used the money to support, among other things, a house of culture in Jena. However, does this mean the Jena foundation is the "genuine" one? And if so, where do the West German companies belong?

For one thing, integration of the GDR market means that in all likelihood, the 60,000 employees of the giant combine will have to make sacrifices. True to the old SED maxim, almost everything in the VEB used to be manufactured in-house. This has led to extremely diversified product lines and commensurately high costs. The

result: only some parts of Carl Zeiss-Jena are competitive, and rationalization is inevitable. Jena's sales today are 64,000 East marks per employee, compared with 145,000 West German marks at Oberkochen. Hence, people in the West are more worried about their social position than about their jobs. Roland Hamm, head of the Metal Workers Union in Aalen, says, "The people in the plants are concerned that, all of a sudden, the 60,000 employees of Zeiss-Jena have a claim on our pension funds. Of course, the money would then be gone very quickly." The trustees of IG Metall [Metalworkers Union] have set up a working group in the Zeiss plants to examine the jumble of unclarified questions. Also, they already have attempted to establish contact with their colleagues in Jena. The difficulty here is that the latter do not yet have generally accepted representatives of worker interests.

In the extra edition of his magazine, Board Chairman Skoludek of the Oberkochen company informed the workers of his negotiating position: unification yes, but not on Jena's conditions. Existing legal problems with regard to name and trademark must be tackled and examined to determine "whether, in the long run, it is possible, under corporate law, to merge both companies into the Carl Zeiss Foundation in Heidenheim."

However, if East and West Zeiss could, in fact, reach agreement, a new giant in the optical industry, which would carry considerable weight in world markets, would be born. In an interview, Skoludek gave a short reply to a question concerning the potential of a unified Zeiss Foundation, "One plus one equals three."

HUNGARY

Officials Comment on 1990 Soviet Trade Pact

Firms May Not Be Able To Pay

25000694C Budapest HETI VILAGGAZDASAG in Hungarian 31 Mar 90 p 68

[Interview with Roals Piskoppelt, chief of the Eastern Europe division of the Soviet Ministry of External Economic Relations, by Pal Reti; place and date not given: "Who Pays in the End?"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] What does it mean that beginning on 1 January 1990 Hungarian and Soviet enterprises will trade on the basis of dollars? Is it true that come next year, state officials will indeed not be doing the bargaining as they did before, but instead bargaining will be done by the enterprises? We asked these questions of the head of the Eastern Europe Division of the Soviet Ministry of External Economic Relations, the Estonian Roals Piskoppelt.

[HETI VILAGGAZDASAG (HVG)] Why was the consummation of the 1990 mercantile trade agreement delayed more than usual, in your view?

[Piskoppelt] It was delayed because the Hungarian party insisted that we simultaneously reach an agreement about the changeover to dollar-based settlement, the conversion of the 782-million-ruble surplus into dollars, and this year's mercantile trade. We had much more difficulty in reaching an agreement regarding the first two issues, than on the latter.

[HVG] The debt incurred in transferable rubles—a currency that does not function as real money—will now be converted into a \$720 million indebtedness at an exchange rate of 92 cents to the ruble. Could this amount be regarded as real money, or will it continue to remain a bookkeeping item only?

[Piskoppelt] This money may be used beginning on 1 January 1991, the day the changeover to dollar-based settlement takes place, but only for the purpose of writing off the presumed large Hungarian losses to be incurred as a result of the changeover. We continue not to regard the remaining Soviet debts, and possible Soviet debts that will be incurred this year, as financial matters; we will pay those debts in the form of merchandise.

[HVG] Next year, when Hungarian and Soviet enterprises presumably will be trading in dollars, will the Soviet state guarantee deliveries, and will it expect the Hungarian party to provide the same guarantees?

[Piskoppelt] This matter is not so simple that one could suddenly say that beginning on 1 January everything will depend on the enterprises only. Sixty-six percent of the Soviet Union's exports to Hungary consist of oil and oil products, and 20 percent are composed of other raw and base materials. The Soviet Union regards trading in these commodities as a state monopoly, i.e. we, the traders of the ministry, will say what we want to receive in exchange. Considering the present structure of trade, free agreements between enterprises will apply only to 14 percent of the goods. These deliveries may be expanded, but quite naturally, the Soviet state will not provide guarantees in this regard. This is why I recommend to Hungarian enterprises that they ascertain their Soviet partner's ability to pay before they reach agreements with them.

[HVG] Are you serious about what you said, that Hungarian enterprises cannot trust the signatures of their decades-old partners?

[Piskoppelt] I am serious about that. Our enterprise managers are in nursery school compared to your enterprise managers. They would be capable of signing an agreement convinced that the state will pay the bill. But the state will not pay the bill.

[HVG] Indeed, the signs of this may already be sensed in the West. According to Western information, Soviet enterprises are overdue with their payments to Western firms to the tune of \$500 million. But how is it possible to ascertain whether or not a Soviet enterprise is able to pay?

[Piskoppelt] The same way as anywhere else in the world, one has to inquire at a bank, in our case at the Foreign Trade Bank of the Soviet Union.

[HVG] Is it possible at all for Soviet enterprises to purchase convertible currency?

[Piskoppelt] Of course it is. This year industrial enterprises may make purchases paid for in convertible foreign exchange worth \$2 billion, according to their own choice, anything from anywhere. But over and above this amount, Hungarian enterprises may reach zero balance barter trade agreements.

Larger Trade Context Provided

25000694C Budapest FIGYELO in Hungarian
29 Mar 90 pp 1, 6

[Interview with Gyorgy Suranyi, National Planning Office state secretary, by Robert Becsky; place and date not given: "Dollar-Based Settlement ... It Comes After Me"—first paragraph is FIGYELO introduction]

[Text] News reports commenting on the Hungarian-Soviet trade agreement consummated last week qualify the negotiations and the agreement in many different ways. But an old adjective used on such occasions was not among these statements: "mutually advantageous." This is true, despite the fact that in this instance one could truly say that the agreement was equally important for the Hungarian Government, which by now is packing its baggage in more than just spirit, and for the Soviet Government, which is establishing a precedent with this agreement. State Secretary Gyorgy Suranyi made statements to this newspaper not only about the agreement, but also about the external economic performance of the Hungarian economy early this year.

[FIGYELO] Dollar-based settlement will go into effect in Hungarian-Soviet trade as of 1991; this is the beginning of a new era, if you will. And the past comes to an end with the exchange of the 800 million ruble surplus into dollars. Several persons feel that the 0.92 multiplier is debatable and that it is too low, and that the Soviet Union is not going to pay in cash dollars, but only conditionally. The surplus serves the purpose of effecting partial payment for future Hungarian losses to be incurred.

[Suranyi] The exchange rate must not be viewed by itself, although I am convinced that this agreement withstands any comparison. Before anyone makes a premature judgment, one must consider at what exchange rate they are buying and selling ruble accounts receivable at the international money markets, as well as the merchandise structure of the Hungarian export surplus. In addition, providing credit for the accounts receivable may also be of exemplary value from the standpoint of financing balances that evolve in future relations. But one should not forget that the signing of this year's mercantile trade agreement had to be linked to the changeover of this balance. And the difference speaks for itself, if anyone

compares even just casually the Soviet agreements with Czechoslovakia and Poland on the one hand, and the Hungarian-Soviet agreement on the other.

[FIGYELO] But this year balanced trade is still important. Aware of the sales concerns experienced by Hungarian enterprises, and the great incentive to export in the ruble relationship, how can such balanced trade be ensured?

[Suranyi] Machine industry exports dropped by more than 30 percent from last year's nearly 2.5 billion rubles to 1.6 billion, and total exports destined to the Soviet Union dropped to 3.6 billion rubles, 10 percent by volume. Throughout the negotiations the government endeavored to achieve as large a trade volume in 1990 as possible, but so as to result in a zero balance. We must not repeat last year's mistake when based on interstate agreements we issued export licenses for the entire year, while the offsetting imports were not delivered. This year we may export only to the extent that we receive offsetting values in the form of imports. This purpose is served also by the quarterly system of licensing. This basic condition may be changed only if, based on the new agreement, it is possible to offset the deteriorating effect exerted directly upon the balance of payments by the ruble surplus converted into dollars.

[FIGYELO] The effects of the now consummated Hungarian-Soviet agreement may manifest themselves in the long run. Have the administrative and more stringent licensing measures introduced early this year produced any results thus far?

[Suranyi] As a result of making the export licensing system more stringent the surplus has disappeared completely, and at present it is in harmony with the financial program. Only after tough resistance did the government commit itself to using hands-on management to prevent export shipments not supported by imports. The sharp local conflicts that resulted from these measures may be seen daily in the press and on television.

Nevertheless, affected enterprise managers who comment on this matter usually forget to mention that their concerns of selling goods in the market did not begin today. The constraint to change has already been sensed for years. More than one enterprise involved in ruble exports would have had an opportunity last year to change the product structure with the attraction of foreign capital. Most often this was resisted by enterprise management because action of this kind would have been accompanied by the dismissal of part of the enterprise employees. But by passing up this opportunity the entire enterprise may become endangered. Not to mention the fact that domestic and foreign credits which to this date have financed non-collectible ruble accounts have shifted the burden upon the entire populace. I believe that it is important to mention this fact because last year economists and parties were correct in criticizing the government for not taking steps to prevent the

unbridled accumulation of the transferable ruble surplus. When the government finally committed itself to doing something early this year, there was no one to support those measures.

[FIGYELO] Views vary greatly concerning the anticipated effects of the changeover to dollar-based settlement. Some are optimistic, others are pessimistic, but they are rather consistent in claiming that changing markets cannot be accomplished without money and that state assistance is needed.

[Suranyi] By now we must put the term "changing markets" in quotation marks, because beginning next year, in theory, trade with the Soviet Union will take place under the same conditions and requirements as with any other market, even though it cannot be viewed separately from the internal management system of the Soviet Union. Other than that, independent of the means of payment used in settlement, they are talking about the need to change products. Also to this point, truly modern products could be sold better on the Soviet market. The most heated arguments in the present negotiations have concerned the exportation of our machine industry products which are not always the most up to date. We must not remove ourselves from the market, we must offer competitive products instead. The condition for that is the enforcement of existing world market requirements, of course.

The question is how great an opportunity there will be to buy and sell for dollars in a Soviet Union which is experiencing an extraordinary shortage in foreign exchange and whose economy is highly concentrated.

Changeover is fundamentally an enterprise task, to which the state may provide assistance of course by producing resources in the form of loans and otherwise. Just a few examples for this: Under the export competition system we supplemented the goals and conditions so that enterprises could obtain loans for the purpose of converting their capacities. I regard the enterprise invigorating program as important. Under that program small and private entrepreneurs may receive about 10 billion forints worth of credit under more favorable conditions than the market has to offer. In part of the enterprises which produce for ruble export the need does not call simply for changing the market and the products, but for transforming the enterprise structure, for breaking up larger units, for privatization. The fund I mentioned previously may provide financial resources for this purpose.

[FIGYELO] We are less than three months into 1990. Nevertheless, I believe that you already have a picture of how convertible exports will take shape.

[Suranyi] After the grave economic policy mistakes of the first half of last year, signs of improvement have manifested themselves in the convertible balance of payments. By mentioning grave mistakes, I do not mean liberalization—that was appropriate. I am thinking of

the way shopping tourism and ruble exports were handled. The outgoing government has reached an agreement with the IMF. It accepted the 1990 economic program approved by the government. The program agreed to by the IMF was supplemented only by certain guide figures concerning the monetary situation and the balance of payments in the course of the year. These support the reality of the economic program.

Based on the agreement we may have access to the first, \$400 million installment of the \$1 billion loan approved by the Common Market. We may continue negotiations with the World Bank concerning a three-year structural transformation loan fund. This fund is matched by Japanese financing in the same amount. The IMF standby loan in the amount of \$206 million signals to the international financial community that the Hungarian Government is in control of the processes. All of this is of a definitive character from the standpoint of our solvency and the economy's ability to function. The agreement signed by the Soviets last week can be hardly overestimated [as published].

During the first months of the year, or I could also say ever since last October, our trade subject to settlement in convertible currencies has been more favorable than expected from the standpoint of both the orders booked, and the actual deliveries. During the first two months of the year the volume of orders booked increased by 32 percent, while actual export shipment increased by 18 percent as compared to the same period last year. Within machine industry exports subject to settlement in convertible currencies, the volume of orders booked has increased by more than 30 percent, while actual export deliveries exceed by about 24 percent the volume of orders received and delivered last year. This suggests that enterprises are successful in trying to find opportunities to convert their capacities. The situation is somewhat less favorable with regard to the chemical and foundry industries. In these branches the softening of the world market boon may be sensed already. Meanwhile, production in these branches declined by between 12 and 15 percent in January, and by a more favorable rate in February due to the deteriorating domestic and ruble market ability to pay.

Demand for a few of our food industry products presents an encouraging picture. I will note here that since the beginning of this year subsidy indexes have been changed each month with regard to food exports. This practice corresponds with international practice and enables a more flexible influencing of food exports than before. For example, in the case of a possible, eventual devaluation of the forint these index figures would have to be lowered, because devaluation itself improves the profitability of exports. On the other hand, in the case of domestic market disturbances, there is a way to reduce the export incentive without the use of administrative means.

All in all, then, the signs of market constraint are manifesting themselves in our convertible currency

trade. This process has been going on ever since the middle of 1987. Therefore it is even more painful to see that the result was entirely cancelled out in 1989 by the amateurish handling of shopping tourism, and within that of customs duties on cars.

Tax Authority on Loss Operations

25000694G Budapest HETI VILAGGAZDASAG in Hungarian 31 Mar 90 p 9

[Text] This year, for the first time, the term "strictly secret" does not decorate that thick volume, the flash report presented by the State Financial Control Authority [APEH]. Prepared the other day for the year 1989 the report includes data for the "small ones," for enterprises with sales revenues in excess of 25 million forints which have simplified dual bookkeeping, and the "big ones" with sales revenues in excess of 250 million forints, which are mandated to maintain dual bookkeeping.

Based on this, the total loss incurred by these firms reached the 26-billion-forint level last year. This amount is almost three times as large as the losses incurred in 1988, and is five times more than was expected last December, at which time they counted on an overall reduction of losses. Last year the losses increased in all branches of the national economy, and, with the exception of the foundry and chemical industries, in all industrial branches. Moreover, for the first time, services provided by financial institutions also showed a deficit of 18.6 million forints. In 1988, from among the 5,185 firms only 15 accumulated individually a larger than 100-million-forint loss. In 1989 four-fifths of the losses incurred by the "big ones" was concentrated in 40 of these firms. Uncertainties surrounding coal mining manifest themselves in a 3-billion-forint increase in losses,

and the deficits incurred by the machine and light industries and by agriculture were increased in similar proportions by the fact that many could deliver to the CEMA market, but such deliveries were not permitted; it would be permitted to deliver to convertible currency markets, but they are unable to serve those markets efficiently.

It is noteworthy that the 1988 loss of not quite 1 billion forints incurred by small entrepreneurs increased to 9 billion forints in 1989, and that while in 1988 only 269 of these small entrepreneurs closed with a deficit, that number has increased to almost 3,000 in 1989. A partial explanation for this is the fact that the number of small entrepreneurs has almost tripled: While in 1988 3,718 such small enterprises were recorded, in 1989 their number was 9,464, and their share of sales revenues realized in the overall national economy increased from 3.8 percent to 5.7 percent. Founding an enterprise requires onetime expenditures, not to mention investments, which in the first opening year are frequently accompanied by losses. At the same time, there are no wage regulations in this sector, and it is no coincidence that these enterprises with simplified bookkeeping procedures experienced a 70-percent increase in wages paid out. Wage payments reached the 19-billion-forint level. Taken as a whole, however, overall wage increases in all enterprises showed a 14.6-percent increase, a more modest increase than the inflation rate.

The loss was also incurred for technical reasons: Most of the 3.8-billion-forint negative balance at agricultural firms maintaining simplified bookkeeping may be explained by the fact that several cooperatives also adopted the simplified dual accounting method. Under these circumstances the closing inventory of self-produced goods and incomplete production in 1988 appears as an expense.

Total Losses Incurred by Hungarian Enterprises per Branch, in Millions of Forints

Branch	1988			1989		
	Large*	Small**	Total	Large	Small	Total
Mining	30	—	30	3,179	45	3,224
Machine industry	2,996	106	3,102	4,042	715	4,757
Light industry	1,721	136	1,857	2,719	693	3,412
Agriculture	957	—	957	2,254	3,773	6,027
Construction industry	987	373	1,360	1,294	1,684	2,978
Domestic commerce	383	55	438	774	659	1,433
Other branches	1,936	220	2,156	2,644	1,761	4,405
Total	9,010	890	9,900	16,906	9,330	26,236

* Firms which have sales revenues of more than 250 million forints or less, but which pursue the dual accounting method

** Firms with sales revenues of between 25 million and 250 million forints which pursue the simplified dual accounting method

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